

Dollar, U.S. Stocks Fall Again; Gold Jumps on Inflation Jitters

By Ferdinand Protzman International Herald Tribune
FRANKFURT — The dollar plummeted below 140 yen Friday for the first time since World War II, and dropped sharply against other major currencies, as investors reacted to the Federal Reserve's decision to raise the discount rate to 10 percent.

In Europe, Dollar's Fall Mixes Blessings, Woes

By Barry James International Herald Tribune
PARIS — The heading, two-year plunge of the U.S. dollar has brought a mixed bag of woes and blessings to West European economies.

The volatility of dollar exchange rates — rather than the actual rates themselves — has slowed investment and growth prospects, particularly in West Germany, where there is widespread concern that the effect of the falling dollar has been generally positive.

— Peggy Brussels, Swedish Executive

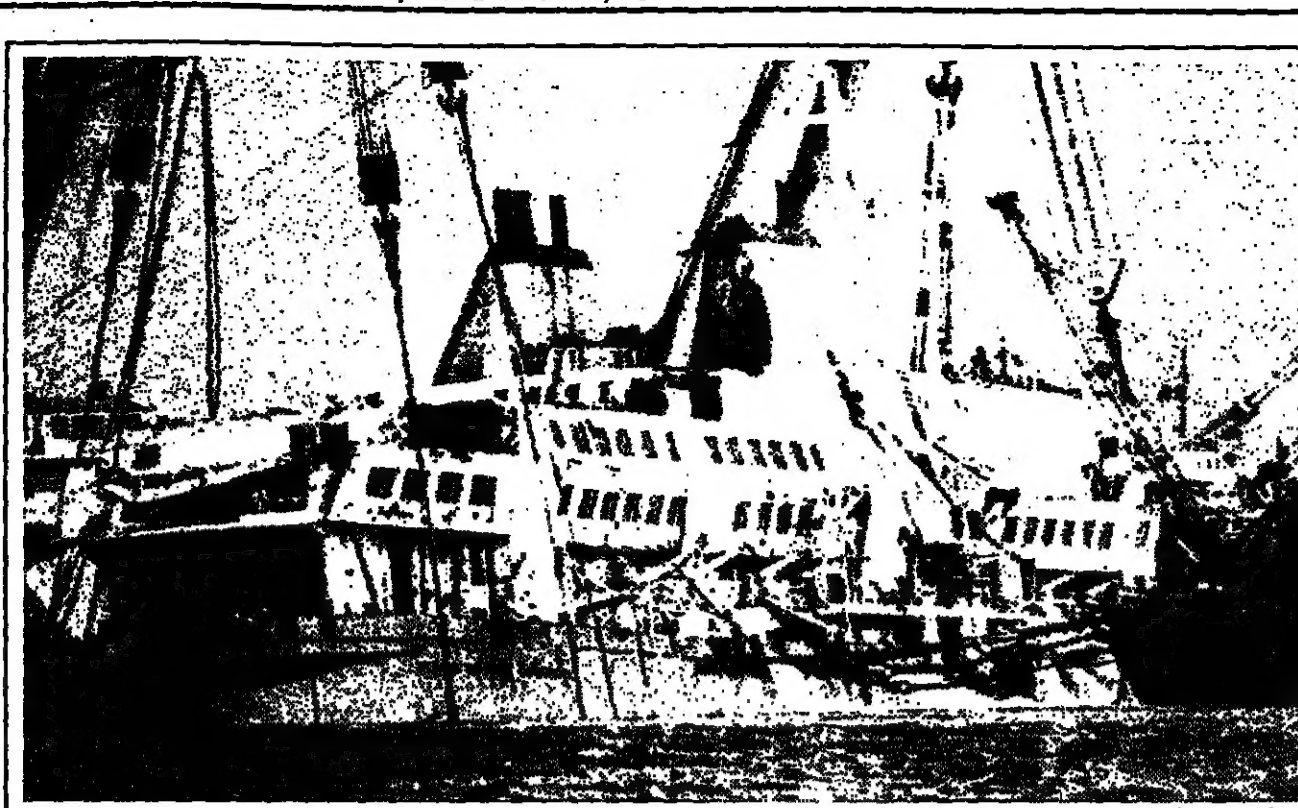
continuing appreciation of the Deutsche mark will affect competitiveness. And since West Germany is Europe's largest economy, what happens there has a ripple effect in other European countries.

But to a large extent, governments and corporations are finding that a cheap dollar is something they can live with, because unlike Japan, European countries are insulated from the impact of the falling dollar by their trade with each other and by countries outside the dollar area.

For example, more than half of the foreign trade in the 360-million-population European Community moves within the community's frontiers, an EC spokesman said. And financial fluctuations within the European Monetary System, to which most of the EC's 12 members belong, have remained relatively stable despite the upheaval caused by the dollar's dive.

Further, the dollar has brought cheaper import prices — not just for manufactured goods from the United States, but for important commodities such as oil, which are traded in dollars and which help drive economies. And this has proved beneficial to companies that trade primarily in domestic and European Community markets.

For these reasons, the steepness of the dollar's fall does not tell the whole story. For example, although the Deutsche mark appreciated 25 percent against the dollar in the past year, when compared with all other currencies it appreciated just 7 percent. The French franc has



Efforts to Refloat Herald of Free Enterprise Fail
Salvagers tried to pump 15,000 tons of water on Friday from the Herald of Free Enterprise, the British ferry that capsized off the coast of Zeebrugge, Belgium, last month. The operation was given up after four hours, when water began returning through holes in the vessel. Plans to refloat the vessel, in which at least 12 bodies are still believed trapped, were temporarily abandoned.

Indonesia Vote Signals Desire for Change

By Keith B. Richburg Washington Post Service
JAKARTA — A largely symbolic election has reaffirmed the governing Golkar Party's unassailable grip on political life here, but the campaigning revealed a surprising strong undercurrent of dissatisfaction among young, urban Indonesians who appeared to be voting for change.

The election on Thursday also appeared to mark three important turning points in the country's political development. It saw the military's retreat from active support of the government to a more neutral stand, as well as the decline of Islam as a political force. Perhaps more significantly, it was Indonesia's most orderly and violence-free election since independence in 1945.

8 Seized In Paris as Terrorists

Suspects Linked To Last Year's Bomb Attacks

By Julian Nundy International Herald Tribune
PARIS — French police have arrested eight terrorist suspects, dealing a blow to the network behind a series of deadly bombings in Paris last year, security officials said Friday.

The arrests, carried out Sunday and Wednesday, were the latest in a series of what appeared to be successful counterterrorist moves in France this year. [Meanwhile, Reuters reported from Rome that police appeared to have made a series of key arrests in their drive against resurgent leftist guerrillas. Six persons, including an American woman, have been detained in connection with the killing of an Italian Air Force general.] Security sources in France said that the DST, France's counterespionage and security agency, arrested five Lebanese, two Moroccan and an Algerian on suspicion of illegal possession of explosives.

Putting Djibouti on the Map for Senator Helms

New York Times Service
WASHINGTON — Educators have long been disturbed by the average American student's lack of familiarity with basic geography. But what about Congress's knowledge of the subject?

On Wednesday, Senator Daniel Patrick Moynihan of New York, a former Harvard professor, seized an opportunity to give a colleague some instruction in Geo 1 at a Foreign Relations Committee hearing on the foreign aid bill.

Senator Jesse Helms of North Carolina, concerned about Communism in Africa, had offered an amendment to ban aid to any African country with foreign troops on its soil. The measure was aimed primarily at Mozambique, which hosts Soviet military advisers, and Angola, which hosts Cubans.

But, Mr. Moynihan said, what of Chad, which is "lending off the Red armed hordes" with the help of the French? And what of Djibouti, which is doing the same?

Arms Issue Splits U.S. Experts

Debate Centers on How to Avert War, Reassure Allies

By Michael R. Gordon New York Times Service
WASHINGTON — Proposals to eliminate medium-range and short-range nuclear missiles from Europe have prompted a debate among arms control experts about how to deter war and reassure West European nations of the U.S. commitment to defend them in the event of an attack.

The proposals being discussed in the Geneva arms talks have created an unusual alliance of Reagan administration officials who have been deeply skeptical of arms control agreements and traditional supporters of such measures.

On the other side of the debate are some notable members of the foreign policy establishment who say the North Atlantic Treaty Organization needs to keep some medium-range and short-range weapons to give expression to its commitment to the alliance and carry out NATO strategy.

Supporting the proposed elimination of the missiles are some senior Reagan administration officials. The House, in rebuttal to Reagan, votes two restrictions on nuclear arms. Page 3.

Natal Court Lifts Some Press Curb

By William Claiborne Washington Post Service
JOHANNESBURG — A provincial Supreme Court in Natal Province on Friday set aside some key government emergency powers that severely restricted first-hand reporting of political violence in South Africa.

The judgment, handed down in Pietermaritzburg, quashed several clauses in censorship decrees imposed by President Pieter W. Botha on Dec. 11 under a national state of emergency.

The clauses included restrictions against reporting or photographing actions by security forces to quell racial unrest and reporting of gatherings of unlawful organizations.

Iran Deal Investigators Obtain Swiss Bank Records

By Dan Morgan and Walter Pincus Washington Post Service
WASHINGTON — The U.S. congressional committees investigating the Iran-contra affair obtained Swiss bank records in Paris this week that should enable them to trace where millions of dollars used in the operations came from and how most of the money was spent, according to sources on Capitol Hill.

The sources said Thursday night that the records offer the first proof that money from the Iranian arms sales was diverted to the Nicaraguan rebels, known as contras.

Daniel K. Inouye, the Hawaii Democrat who is chairman of the Senate committee, and Senator Warren B. Rudman, Republican of New Hampshire and the committee's vice chairman, confirmed Thursday that there had been a breakthrough in solving the money puzzle.

Until now, efforts to reconstruct the chain of financial transactions had been blocked by inability to gain access to the Swiss accounts.

For Homosexuals in U.S., Fears Go Beyond AIDS

By Dirk Johnson New York Times Service
CHICAGO — In the Bohemian neighborhood of New Town on this city's North Side, the walls of several shops and bars that are popular among homosexuals have recently been scrawled with obscene slurs and the imperative: "Die!"

The graffiti articulate, however crudely, what sociologists and homosexual rights advocates here view as growing intolerance in a time of widespread fear and anger in the United States over AIDS.

"Homophobia, which seemed to be falling for several years, appears to be on the rise again," said David McKim, a psychologist at the University of Illinois at Chicago. He recently conducted a survey of 3,500 homosexuals here and found that 20 percent of homosexual men had been physically attacked at least once.

"Fear of gays among straights has always been based on the sense that they're going to do something to you," he said. "And AIDS does so in terms of a threat-

ing disorder that satisfies all the requirements of a biblical plague."

Last month the editor of The Windy City Times, a publication serving homosexuals in Chicago, was beaten with a baseball bat by an intruder who burst into his office.

It was the most violent of anti-homosexual acts reported here in recent months. Some of the threats have been delivered by a local underground group, "The Great White Brotherhood of the Iron Fist."

At the University of Chicago, a campaign involving late-night telephone threats and obscene mail has been directed at dozens of students and faculty members. Hundreds of virulent leaflets have been distributed on campus. "Death to Faggots" bumper stickers have been plastered on the doors of teachers and students believed to be homosexuals, or their allies.

"We're hearing story after story of vicious harassment of gays on college campuses across the country," said Kevin Berrell, director of the anti-violence project for the National Gay and Lesbian Task Force in Washington, D.C.

"We're accustomed to thinking of colleges as islands of tolerance," he said. "And in some ways, they are. For gays on campus, these are the best of times and the worst of times. There are more gay rights organizations and programs than ever. At the same time, we're seeing an unprecedented report of incidents directed against gays."

For example, Mr. Berrell said, last year a Yale University student, Wayne Dick, sponsored "Bestiality Awareness Days," a mockery of the school's "Gay Awareness Week." Also last year, students at the University of Massachusetts at Amherst began a "Heterosexuals Fight Back Week."

The experience on college campuses, Mr. Berrell said, reflects the mood in society generally. In 1986, reported incidents of harassment against homosexuals in New York increased by 83 percent, he said. Nationally, homosexual rights groups last year recorded about 5,000 incidents of assault ranging from verbal ridicule to homicide.

Some of the increase in documented cases of assault, he said, is probably the result of better reporting, although homosexuals report only a fraction of such incidents. Not all of the increase in attacks can be attributed to the specter of AIDS, he said.

"As we've become more visible, we've become more vulnerable to people who hate us," he said. "What AIDS has done is simply give the bigots and bashers the justification to attack gays."

Despite the perception of increased attacks, a recent Gallup Poll found that anti-homosexual sentiment had not increased perceptibly since last fall.

The poll reported that about 33 percent favor and 55 percent oppose the legalization of consenting homosexual relations. The numbers are virtually unchanged from last fall.

In 1982, about 45 percent favored legalization and 39 percent opposed it.

Guido Reni's self-portrait, from a London show of the School of Bologna. Source: Melian reports. Page 6.

GENERAL NEWS
■ Argentina's army command virtually collapsed in the last week, reports say. Page 3.

BUSINESS/FINANCE
■ Philips NV and General Electric PLC of Britain agreed to merge their medical divisions in a joint venture. Page 9.

France next week from Monday to Thursday, his office said Friday.

heart failure in New York. James A. Boyle, 81, the judge Tuesday of cardiopulmonary failure in New York.

Roger Cazes

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SIGNATURE

Israel and Its 'PLO Albatross'

Group's Staying Power Angers Some, Satisfies Others

By Thomas L. Friedman
New York Times Service

JERUSALEM — Israeli leaders are watching the Palestine Liberation Organization's parliament-in-exile in Algiers with an unusual mixture of anger, dread and satisfaction.

The anger is directed at Yasser Arafat, whose re-emergence in Algiers as the leader of PLO has served to remind Israelis that their 1982 invasion of Lebanon, which was supposed to have sent Mr. Arafat off to diplomatic oblivion and freed northern Israel once and for all from PLO threats, may have been for naught.

There have been other reminders in the last two weeks that the 1982 invasion has not solved Israel's problems. First, a Jewish settler was killed by Palestinians in a firebomb attack in the West Bank; then the army repelled an attempt by pro-Iranian Shiite Muslim militiamen in southern Lebanon, killing 18 of them.

The next day, three PLO guerrillas infiltrated Israel's northern border and killed two soldiers before they themselves were shot to death. A day later, rockets fired from southern Lebanon rained down on kibbutzim and villages in northern Israel, wounding no one but prompting The Jerusalem Post to declare in a headline: "Back to the Bomb Shelters."

On Thursday, in a now-familiar scene, Israeli helicopter gunships attacked Palestinian guerrilla command posts near the port city of Sidon, wounding three people. It

was the 11th Israeli air strike in southern Lebanon this year. Amid these events, Mr. Arafat, whom Israeli leaders considered isolated and largely forgotten, has appeared in Algiers with a reunited PLO that endorsed his leadership with a standing ovation.

For Israeli leaders, it was a frustrating scene. Gideon Samet, a

NEWS ANALYSIS

commentator for the newspaper Haaretz, observed that after many years Israel finally recognized the existence of a Palestinian nation. "But, parallel to that, as we were forced to admit the central role played by the PLO, we acted to eliminate it."

"We made celebratory announcements that it had outlived its usefulness," he wrote. "The 'two-legged monster' was supposedly trapped. It appears that this is not exactly the case. The PLO was indeed scattered to the four winds, splintered, internally divided, and weakened. But it was not dead. To the contrary it seems very much alive and kicking."

Though Israeli leaders insist that they do not recognize the PLO, and do not care what it says, they nonetheless react to its statements and declarations as though it were an interlocutor, and as though Israel somehow expected more moderate positions from it.

For example, in his address to the Palestine National Council in Algiers on Thursday, Mr. Arafat

called for a Palestinian homeland "with Jerusalem as its capital." This has been his standard position for years. Nonetheless, within hours, Prime Minister Yitzhak Shamir reacted in Jerusalem.

"Today our enemies are meeting to harm us and, heaven forbid, rob Jerusalem from us," Mr. Shamir said. "But the people of Israel are strong and united and this plot will not be carried out. We will overcome all of our enemies. Jerusalem will remain Israel's capital forever."

Foreign Minister Shimon Peres, who has been trying to cajole the Israeli public into accepting Israeli participation in an international conference on peace in the Middle East, also criticized Mr. Arafat and his organization for reaffirming "armed struggle" and for having abrogated its February 1983 agreement with King Hussein of Jordan, which called for a joint negotiating strategy.

"We knew this would happen," Mr. Peres said. "In my opinion, what is happening in this convention is a disaster for the Palestinians. They will pay the price."

"He who wants to live in eternal terror will turn to the PLO," Mr. Peres said. "He who wants to find another way, must turn, of course, in the direction of King Hussein."

The Palestine National Council has become not only a focus for Israeli wrath directed at Mr. Arafat and the PLO, but also useful political fodder within the Israeli debate about peace in the Middle



Yasser Arafat and other members of the Palestine National Council during a session Friday.

East — fodder each party can use. For example, it was with satisfaction that sources close to Mr. Shamir, of the Likud bloc, emphasized that the PLO's scrapping in Algiers of its agreement with Jordan would make it much more difficult for Hussein to find a Palestinian delegation to join him at the proposed international peace conference, which Mr. Shamir vigorously opposes.

Hussein had already renounced the accord himself. Mr. Peres, of the Labor Party, could also draw satisfaction from the scrapping of the agreement. His

associates were quoted as describing the move as opening the door for the "moderate" Arab governments to shuck off "the PLO albatross" and freely enter into an international peace conference with Israel, which Mr. Peres favors.

Yossi Belin, a Peres aide in the Foreign Ministry, asserted that Mr. Arafat's decision to prefer PLO unity to moderation could "hasten the peace process rather than delay it" because it proved that "the PLO cannot be a partner to negotiations."

Or can it? Israel's dovish minister without portfolio, Ezer Weiz-

man, argued that despite all its statements to the contrary, Israel had been negotiating indirectly with the PLO for the last two years, and that, realistically speaking, the Algiers meeting would probably only intensify that process.

"Given that the PLO was strengthened in Algiers, I believe that, despite all that we say, we will find ourselves sitting with Palestinian representatives whose roots are with the PLO," Mr. Weizman said. "I don't get excited about this. From a political point of view, these are the most important elements."

Dole Seeks to Tighten Security Gaps in Senate

New York Times Service

WASHINGTON — Bob Dole, the Senate Republican leader, has charged that the handling of classified information and security clearances in the Senate is so lax as to be "a disaster waiting to happen."

Senator Dole, of Kansas, said Thursday in a speech on the Senate floor that he would propose legislation to create a Senate security office with control over access to classified information.

Aides to Mr. Dole said there had been no known breaches of security in the Senate.

Al Lehn, a national security specialist on Mr. Dole's staff, said the senator's interest in the problem was activated more than a year ago when a messenger for a court reporting service that transcribed closed House committee hearings was accused of passing classified material to Soviet agents.

Mr. Dole, whose party was then in the majority, ordered three Senate committees to do a survey of Senate security. Their report, he said, "made pretty scary reading."

"We found out that hundreds and hundreds of people are walking around Capitol Hill with security clearances and access to sensitive information," he said, "and no one, no single office or official, has a record of who they are."

"We uncovered many reports of classified documents lying out on desks, in the hands of unclassified people, stuck away in unlocked file cabinets."

Mr. Dole said the Senate security

office he was proposing would have three functions: to prepare an overall security plan for the Senate, to assure that every Senate office was handling classified material properly, and to keep a list of all staff members with security clearances and ensure that only those whose names were on the list could see classified material.

All members of Congress automatically receive security clearances. Staff members receive their clearances from a number of agencies. One proposal under discussion is to designate a single federal agency to handle clearance for congressional staff members.

Marines' Duty Shortened

The Pentagon announced Thursday that the U.S. Marine Corps has shortened to one year the tour of duty for embassy guards in countries such as the Soviet Union where they are considered subject to compromise by foreign agents. The New York Times reported from Washington.

The 15-month tours were shortened in the Soviet bloc, China, Lebanon, Nicaragua and Afghanistan.

Two Marines who worked in the Soviet Union as guards have been charged with espionage, accused of allowing Soviet agents to enter the U.S. Embassy in Moscow in 1985 and 1986. Another has been arrested on suspicion of espionage in Leningrad in 1981 and 1982 and a fourth charged with violating security regulations by meeting secretly with Soviet women.

Utility of Breast Self-Exams Doubted

By Michael Spector

Washington Post Service

WASHINGTON — Monthly self-examinations for signs of breast cancer, performed by millions of women, do not appear to save lives and so "are not at present recommended as public-health policy," a federal panel reported.

The report Thursday drew sharp objections from the largest cancer research establishments in the United States.

"Breast self-exams" accuracy appears to be considerably inferior to that of the combination of clinical breast exams and mammography," the U.S. Preventive Service Task Force reported.

"It is possible, but unproven," it said, that self-exams are "a useful addition to these approaches."

Groups that advocate regular self-exams, including the National Cancer Institute and the American Cancer Society, said the report would confuse women.

"This is going to discourage women from doing self-exams, and that is going to harm them," said Dr. Charles R. Smart, chief of early detection at the National Institute. He said 70 percent of breast cancers were found in self-examinations.

Breast cancer is second only to lung cancer as the leading cause of cancer deaths among women in the United States.

The task force was established by the Department of Health and Human Services to develop strategies for preventing disease and promoting health.

Its recommendations, after two years of research, emphasize the value of annual exams by doctors, combined with X-ray mammography, for women over 50, the group at highest risk. The panel recommended annual exams alone for women aged 40 to 49.

"We are not opposed to self-exams," said a public health specialist, Michael S. O'Malley, an author of the report. "We just don't see solid evidence that they will save lives."

The report, along with the task force recommendations, appeared in the Journal of the American Medical Association.

Officials of the American Cancer Society said the recommendations were too clinical and shortsighted. The society recommends yearly mammograms beginning at age 40.

L'Unità's Look Aims at New Readers

Change Reflects Italian Communists' Search for Voters

By Loren Jenkins

Washington Post Service

ROME — When the Italian Communist Party issued a refurbished version of its stodgy and polemical newspaper this week, it symbolized the image that the party is trying to adopt as it seeks voters from Italy's non-Communist left.

The newspaper, L'Unità, appeared on newsstands Thursday

morning with a cleaner front page, larger print and a modern logo. In place of its front-page designation as the "organ of the Italian Communist Party," L'Unità now proclaims itself simply as the party's "newspaper."

"Our co-editor," said the newspaper's co-editor, Fabio Mussi, in announcing the newspaper's new look, is to publish "a newspaper of modern and critical information and not just a party bulletin."

The change was the latest of the party's efforts to remodel its image and its appeal to voters among an increasingly affluent electorate, which in recent years has shown less interest in the Communists' traditional message.

The party had appeared to command about 30 percent of the nation's voters, but in two elections in the past two years it has dropped below that.

With the collapse early this month of the coalition government headed by Bettino Craxi, a Socialist, the Communists and their rivals are looking ahead to early elections this summer.

Announcing the changes in L'Unità, Massimo D'Alema, a member of the party's secretariat, said the party was worried that its dogmatic newspaper appealed only to the party faithful.

The new paper, he said, would try "to interest and represent a section of democratic and leftist public opinion wider than the traditional one made up of Communist elements."

As part of its appeal to new readers, said Mr. Mussi, the co-editor, the paper will add sections on books, records, weekend entertainment, and science and technology.

The redesigning of the paper underlined the Italian Communists' continued efforts to distance themselves from their Leninist past, a move that began in the 1970s with the Eurocommunist movement.

More recently, the party has

sought a so-called "historic compromise" with the dominant Christian Democrats. It now presents itself as more a party of Social Democrats than a member of the international Communist movement.

Among its 1.6 million members, old Stalinists and Leninists remain. But the party's international secretary, Giorgio Napolitano, has described the party as "a modern reformist party" that is "on the road of dialogue and convergence with the major European Socialist and Social Democratic parties."

That is an image that the party secretary, Alessandro Natta, has carefully cultivated since assuming the leadership in 1984, after the death of Enrico Berlinguer, the charismatic party leader who led the breakaway from Moscow.

The party was founded in 1921 by Antonio Gramsci, whose liberalism was declared a heresy by Stalin. Although Gramsci is being rehabilitated in the Soviet Union, his party remains an anomaly among Communist organizations. It opposed the Soviet interventions in Czechoslovakia and Afghanistan. It supports Italy's membership in the European Community, and defends Italy's adherence to the North Atlantic Treaty Organization.

Mr. Natta has visited Moscow and has met with the Soviet leader, Mikhail S. Gorbachev, to mend the rift that had developed with the Soviet Union. But he has made it clear that his real desire is to travel to the United States to persuade Americans that Italian Communists are as tame as Spanish or French Socialists.

Although the Communist Party is the second-largest in Italy, behind the Christian Democrats, it has been kept out of government since 1948. Behind its image-building, the party's desire to be accepted as legitimate by voters who, polls indicate, distrust it as a potential part of government.

In Iceland, Challenge To Coalition

Agence France-Presse

REYKJAVIK — The governing conservative coalition is facing an unexpected challenge in elections Saturday from a former industry minister who resigned in a tax scandal but who is still regarded as a national soccer hero, and from a militant feminist party.

Albert Guðmundsson, 63, a populist and a political maverick, set up his own Citizens Party recently after being forced to resign his ministry. He is expected to draw more than 10 percent of the vote, largely to the detriment of his former conservative Independence Party.

The 24 seats held by the Independence Party, with 14 held by its partner, the centrist, agrarian Progressive Party, have given it a comfortable hold on the 60-seat parliament, the Althing.

[But an opinion poll published Wednesday in the Reykjavik newspaper DV, indicated the two parties would win only 32 seats together, barely a majority. The Associated Press reported. The new parliament is to have 63 seats.]

The other major challenger is the Women's List party. Opinion polls indicate it may win 11 percent of the vote. It now holds three seats. It advocates sexual equality, environmental protection, greater welfare spending and a winding down of the commitment to NATO.

Prime Minister Steingrímur Hermannsson is running on a record of economic achievements. Until recently, that had made the coalition's return to power seem certain. Inflation declined from 130 percent in 1983 to 12 percent in 1986, and unemployment is virtually nonexistent. Gross domestic product rose 6 percent in 1986.

But Mr. Guðmundsson's popularity is threatening the Independence Party, despite the tax affair. The tax authorities said his alleged offense, failure to report \$7,000 in income from a wholesaling company he owned, was not a ground for criminal prosecution. Mr. Guðmundsson said the incident resulted from an oversight.

His business activities have included importing cars, cigarettes and alcoholic beverages, as well as presiding over the affairs of two banks. He was the first Icelandic professional in European clubs, playing for Paris Racing Club, Nice and Turin in the early 1950s.

Icelandic pride was enhanced by the U.S.-Soviet summit meeting in Reykjavik in October, and by the opening last week of an international airport near the NATO base at Keflavik.

The result has been decline in popular support for the anti-NATO stance of the 10 opposition members of parliament who belong to the People's Alliance.

The Social Democrats, who hold nine seats, could show significant gains on Saturday. Their new leader, Baldvin Hannibalsson, has built support for the party by discarding pacifist views and economic theories that favor state control.

N.Y. Court Overturns Anti-Smoking Rules

The Associated Press

ALBANY, New York — A state supreme court judge on Friday overturned a set of regulations that would have limited smoking in most public buildings in New York.

The regulations were issued by the state Public Health Council. Justice Harold Hughes ruled that the issue was not whether smoking should be banned, but that such widespread restrictions should be imposed by the state legislature, not by the council.

WORLD BRIEFS

Aquino Wants to Form Citizens' Army

MANILA (Reuters) — President Corason Aquino called Friday for the formation of an army of trained citizens to confront leftist rebels and rightist groups that she said were seeking to take power in the Philippines. "The challenge is to mobilize people and involve them in the defense of their values and communities, but with all the safeguards that will prevent the abuse of this great power," she told army reservists at a suburban military camp. Mrs. Aquino has put down four coup attempts and mutinies by dissident military factions since she took office in February 1986. Peace talks with the Communist insurgents, who have been fighting the government for 18 years, broke down in January.

The new constitution, she said, provides for an armed force of citizens who have undergone military training. A presidential aide said the force would be similar to Israel's citizen's army, which is mobilized during national emergencies.

New Zealand Expels Soviet Diplomat

WELLINGTON, New Zealand (UPI) — The third-ranking diplomat at the Soviet Embassy, Sergei Budnik, has been identified as a KGB agent and has been ordered out of the country within seven days, Prime Minister David Lange said Friday. The Soviet ambassador in Wellington, Vladimir Bykov, said he was "utterly surprised" at New Zealand's action and warned of retaliation. "We place full responsibility on New Zealand for this unfair action and its possible consequences," Mr. Bykov said in a statement.

Nakasone Vows to Press for Sales Tax

TOKYO (NYT) — Prime Minister Yasuhiro Nakasone vowed Friday to continue fighting for the passage of a 5 percent sales tax, a day after it was rejected by the Japanese parliament. "The mist has lifted, and I now have a clear sky," Mr. Nakasone told Japanese reporters. "The Nakasone cabinet has always had to labor under a situation where there are no votes and the losses are loaded." His combative manner stood in contrast to a widespread belief among Japanese political commentators that Mr. Nakasone had been severely wounded after a coalition of opposition parties forced him on Thursday night to withdraw his disputed tax program.

Iran Warns Kuwait on Ship Registry

LONDON (Combined Dispatches) — Iran's president, Ali Khamenei, said Friday that Kuwait's reported transfer of ship registrations to the Soviet Union and planned transfer of others to the United States was "an extremely ugly and dangerous move," tantamount to "inviting" the superpowers into the Gulf, Tehran Radio said.

The radio, monitored by the British Broadcasting Corp., quoted Mr. Khamenei as saying at Friday prayer in Tehran that Kuwait should remember that it is within the range of Iranian firepower. Kuwait was reported last week to have transferred registrations in an attempt to prevent Iranian attacks.

Also Friday, Iraqi warplanes fired a missile into an oil tanker in the northern Gulf and Iranian warships briefly seized a Kuwaiti-flag freighter off Abu Dhabi, maritime salvage executives reported. (Reuters, AP)

U.S. Indicts 15 White Supremacists

WASHINGTON (AP) — Fifteen white supremacists were indicted Friday in Arkansas and Colorado on charges of conspiring to overthrow the U.S. government and murdering a Denver radio talk show host in 1984, the Justice Department announced.

A federal grand jury in Fort Smith, Arkansas, accused 10 of them of conspiring to overthrow the government over a 21-month period beginning in July 1983. The 10, many previously arrested on related charges, were affiliated with the white supremacist groups the Order, Aryan Nations or the Ku Klux Klan.

FBI agents arrested eight persons, including the former head of the Michigan Ku Klux Klan, in a nationwide sweep Friday, officials said. The other seven were already imprisoned.

TRAVEL UPDATE

Spanish Air Controllers Cancel Strike

MADRID (AP) — Spanish air traffic controllers canceled a three-day strike they had scheduled for early May, but they said Friday that they still planned to strike on May 15, 22, 23, 29, 30 and 31, pending the outcome of talks on Monday with the government on work hours and health coverage. Employees of the state-owned airlines continued a work-to-rule protest and Iberia said about 50 percent of its flights from Spain had been delayed Friday morning.

Employees of the state-run railroad, Renfe, met Friday with management to establish required minimum service during a strike scheduled for April 30 and three days in May. Airline and rail workers are protesting the government's proposal to limit wage increases to 5 percent.

French air traffic controllers observed a two-hour work stoppage on Friday morning from 6:30 to 8:30 for the fourth straight day. Unions representing the controllers called for additional strikes on Monday, Tuesday and Wednesday mornings. (IBT)

The Association of Flight Attendants, the largest U.S. flight attendants union, is reported to be urging Congress to ban smoking aboard jetliners. The union says it is concerned about the health effects of drifting tobacco smoke on airline cabin crews. (AP)

Air Canada plans next week to begin a smoking ban on its flights between New York and Toronto and Montreal. (AP)

Piedmont Airlines and Delta Air Lines have been granted the right to operate new scheduled services to London. Piedmont will fly from Charlotte, North Carolina, and Delta from Cincinnati. (APF)

France Tightens Rules On Drunken Driving

Reuters

PARIS — France adopted measures on Friday to curb drunken driving and also banned alcohol advertisements on television.

In a rare display of unanimity, the National Assembly approved legislation early Friday that doubles prison terms for drunken drivers involved in fatal traffic accidents.

The legislation, which was sponsored by Justice Minister Alain Chalon, allows for prison terms of two months to two years and sets higher fines for drunken driving, ranging from 2,000 francs to 30,000 francs (\$330 to \$5,000).

Mr. Chalon announced during parliamentary debate that alcohol advertisements on France's private television channels would be banned. He said legislation would be presented to impose the ban before the end of the summer parliamentary session in June.

Only the four private channels had been authorized previously to advertise alcohol.

Television companies said Thursday night that the ban on advertising would cost a total of about 100 million francs. No restrictions were placed on advertising in the print media or on billboards.

Political sources said cross-party support for the legislation was achieved because of the 77 deaths in road accidents over the Easter weekend, one of France's busiest. About 2,500 people were injured in road accidents during the holiday period, police said.

Almost 11,000 people died in road accidents in 1985, and about 40 percent were alcohol-related, according to road safety organizations.

France has one of the highest per capita alcohol consumption rates in Europe. The French traditional

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U.S. Building Collapses, 9 Die

Compiled by Our Staff From Dispatches

BRIDGEPORT, Connecticut — A high-rise apartment building under construction here collapsed, killing at least 9 persons and trapping 19 construction workers under tons of rubble. Officials said Friday that there was little hope of saving them.

Rescuers using dogs and microphones picked through tons of concrete and steel.

Officials said 71 workers had been at the site, some of them high in the steel framework of what was to be a 13-story building, when four to six stories that had been completed collapsed as concrete floor-

ing slabs were being hoisted into place.

Forty-one workers were alive, including 12 who were hospitalized, Mayor Thomas Buoni said Friday. Mr. Buoni said that four persons had been declared dead and their bodies removed. Five had been spotted and were presumed dead.

The cause of the collapse had not been determined.

The project, L'Ambiance Plaza, was being built on the edge of the central business district in Bridgeport, Connecticut's largest city with about 143,000 residents, 65 miles (105 kilometers) northeast of New York City. (AP, NYT)

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House Rebuffs Reagan, Approves 2 Restrictions On Nuclear Weapons

The Associated Press
WASHINGTON — The House has overridden President Ronald Reagan's opposition and approved two nuclear weapons restrictions. The move came after administration supporters dropped a challenge to the proposals.

The Democratic-controlled House voted, 208-178, Thursday to approve an appropriations bill that included provisions to require U.S. adherence to the 1979 arms limitation treaty and to ban all but the smallest tests of nuclear weapons.

The bill would appropriate about \$2.5 million for a variety of government programs.

Republican opponents had said they would try to remove the arms-control proposals from the bill, but Jim Wright, Democrat of Texas and the House speaker, said the restrictions were supported by "a very big majority" of the 435 members.

Opponents eventually dropped their opposition without a formal vote.

Representative Henry J. Hyde, Republican of Illinois, one of the chief opponents, said, "I'm sure we would lose if we voted. Since we're going to be considering the defense budget next month and since these issues will be part of that bill, that might be a better time to fight this."

Representative Patricia Schroeder, Democrat of Colorado, one of the chief supporters, expressed surprise at the lack of formal attempts to strike the provisions. But she agreed with Mr. Hyde that the issue would be debated again.

"In two weeks or so," she said, "we'll be back at it" when the Pentagon budget bill is considered.

Neither provision is directly tied to U.S.-Soviet talks to reduce or eliminate nuclear weapons in Europe, but administration officials have argued that congressional restrictions would interfere with U.S. negotiations.

The bill's future is uncertain. It now goes to the Democratic-controlled Senate, where opponents say they may try to delay consideration. If the measure passes the Senate, Mr. Reagan could veto it.

Vice President George Bush retained the administration's opposition to the arms control elements in the bill.

"We've made very clear our con-

cerns about taking these things on," a spending bill, he said. "I don't know what the House action alone, what effect it would have, but clearly we feel that if such amendments were forced upon us, it would not be good, by the entire Congress, and I don't think that will happen."

Representative Trent Lott, Republican of Mississippi, said Congress should not interfere in the U.S.-Soviet talks. "How irresponsible can we be?" he asked his colleagues.

But Mr. Wright said the two provisions "help the peace process. We believe it is in the best interests of the United States."

The SALT-2 proposal would require the United States to return to the limits set on some types of weapons outlined in the 1979 pact.

Although Mr. Reagan pronounced the treaty "fatally flawed" during his 1980 presidential campaign, once in office he pledged that the United States would abide by its limits as long as the Soviet Union did.

However, Mr. Reagan has repeatedly charged the Soviet Union with violating the pact, a contention denied by Moscow.

Last spring, Mr. Reagan said the treaty would no longer guide U.S. decisions on building long-range atomic weapons.

In November, the treaty's limits of 1,320 nuclear warheads, carried by bombers and submarines, were breached by the United States when it equipped a B-52 bomber to carry cruise missiles.

The testing proposal would allow tests of weapons of one kiloton or less, as long as the Soviet Union also refrained from testing larger weapons. By contrast, the U.S. bomb dropped on Hiroshima in 1945 was about 20 kilotons, the explosive force equivalent to 20,000 tons of TNT.

Supporters of the testing proposal argued it was the best way to move the superpowers toward a comprehensive ban on atomic tests. Underground testing is now permitted, but a comprehensive ban has long been a chief goal of arms control advocates.

The administration has argued that testing is needed to ascertain that the current stockpile is reliable and to develop new weapons.

Though violence was averted when the president himself went to the base on Sunday, the legislators



Gunman Kills 6, Wounds 13 at Florida Shopping Center

A boy is helped to safety at a shopping center in Palm Bay, Florida, where a gunman killed two policemen and four other persons before the police seized him early Friday in a super-

market. At least 13 persons were wounded. The suspect, William Cruise, about 60 years old, held off the police for more than seven hours. The police moved in after he released three hostages.

In Argentina, an Army at War With Itself

By Shirley Christian
New York Times Service

BUENOS AIRES — The command structure of the Argentine Army virtually collapsed during the military rebellions that erupted in the last week, according to reports here.

From the old command structure has emerged a new high command that, it is widely believed, will be more responsive to the concerns of the mutineers and other mid-level officers than to President Raul Alfonsin.

Legislators close to the events said generals had found themselves with almost no subordinate officers or troops when they tried to obey Mr. Alfonsin's order to put down one of the four rebellions, in which 60 to 70 officers took over the infantry school at Campo de Mayo near Buenos Aires.

Though violence was averted when the president himself went to the base on Sunday, the legislators

said the situation was worse than it appeared and was approaching civil war.

The army crisis was born of the continuing debate over whether low- and mid-level officers should be tried for their part in killings and other human rights violations during the military's campaign to wipe out a guerrilla insurgency in the mid-1970s. An estimated 9,000 people died after being detained by military or police forces.

Marcelo Subrin, a member of the Chamber of Deputies from the president's Radical Civic Union party, said he had gone to Campo de Mayo on Sunday and talked to officers at the other schools there.

"They were confused and did not know who was in charge of their units," he said.

An opposition politician who also talked to the rebels said that while it was true they had surrendered and that the president had not negotiated, mid-level officers had come out of the crisis with the

"management of the army" in its hands.

The politician, who did not want to be identified, said General José

Dante Cardi, who took over as chief of staff Thursday with a pledge to impose discipline, did not have the confidence of the troops. But he said, the deputy chief of staff, General Fausto Gonzalez, was "committed to them."

It was the naming of General Gonzalez as deputy chief that brought an end to two small rebellions that erupted Tuesday in the north, in opposition to General Cardi's appointment.

Ricardo Kirschbaum, a columnist for Clarin, the country's largest newspaper, said that when the order went out from the president last Friday to put down the uprising at Campo de Mayo, it produced an immediate "horizontal cut" in the army.

Mid-level officers, by and large, did not respond to their superiors, he said, even those who were in units not involved in the rebellions. In some units, officers voted on whether to carry out orders and apply them down the line, Mr. Kirschbaum said.

Within the army, the contention is that those who were lieutenants and captains during the anti-insurgency campaign of the 1970s and

are generally no higher in rank than lieutenant colonel today should not be tried for what they did because they were usually following orders.

Between 200 and 450 officers, about one-third of them on active duty and the remainder retired, face possible federal indictment.

They are not necessarily the only officers who were involved, but no more cases may be filed because Congress, at the president's urging, adopted legislation in December setting Feb. 22 as the deadline for filing. The deadline was intended to speed proceedings and help remove some of the tension within the military over whom might be charged.

Mr. Alfonsin has long been sympathetic to the claim of mid-level officers that they should not be treated the same as those who issued the orders. But until the recent crisis he found no support for that idea among opposition politicians or in the courts. Now the Supreme Court is thought to be considering a ruling that would serve as a precedent.

Although the view is widely shared within the army and navy, the rebels complained that the former high command, led by General Hector Rios Erazu, had not presented the argument forcefully enough to the civilian authorities.

U.S. Is Urged to Perfect Anti-Satellite Systems

By George C. Wilson
Washington Post Service

WASHINGTON — The Soviet Union has perfected its spy satellites to the point where they could track U.S. ships trying to protect shipping in the Gulf, according to General John L. Piotrowski, head of the U.S. Space Command.

He said the Soviet satellites could relay the information directly to Soviet vessels trying to sink the U.S. ships.

General Piotrowski made the assessment on Thursday as he urged a Senate Appropriations subcommittee to support air force anti-satellite programs that Congress is expected to cut when it passes President Ronald Reagan's fiscal 1988 military budget.

The air force general said that, "if the United States were ever called upon to enforce the free flow of oil to the Western world through the Strait of Hormuz, or to deploy military forces to fulfill our obligations to NATO allies, Soviet satellites 'could provide time-critical tracking and targeting of U.S. troop reinforcements in ports and of U.S. convoys and battle groups during their movement across the oceans.'"

He said the Soviet Union has demonstrated the capability to send data directly from satellites to ships instead of having to pass it through ground receivers or drop packets of film to Earth, which are methods the United States and Soviet Union relied upon in the early days of overhead reconnaissance.

Pentagon sources said the United States also has the capability to pass information from satellites to warships.

The sources said, however, that the Soviet Union has placed more emphasis on satellite surveillance of the seas than has the United States.

General Piotrowski said the United States should pursue its current anti-satellite effort, including work on a projectile launched by an F-15 fighter that collides with a hostile satellite.

Reagan Library Rejects Stanford

Washington Post Service

WASHINGTON — The Ronald Reagan Presidential Foundation, which has been raising money for a \$100 million presidential library and public affairs center at Stanford University, has announced that it has abandoned Stanford and will search for a new location, in southern California.

The announcement Thursday followed objections from the Stanford faculty, which expressed concern that the library could compromise the university's independence by linking it with Reagan conservatism.

The foundation did not mention the faculty opposition in its announcement. It said its decision was based on a desire to keep the library and public affairs center on a single site, which it said "cannot be accomplished" at Stanford.

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AMERICAN TOPICS

Changes Sweeping University Curricula

Colleges and universities across the United States are reexamining and changing their curricula, defining what an educated person should know and designing courses accordingly. The New York Times reports that the changes are the most sweeping since the student unrest of the 1960s and 1970s. In part they are a reaction to these years, when many institutions, according to students' demands for more control over the courses they took, reduced or abolished curriculum requirements.

New the curriculum is swinging back. Interdisciplinary courses are proliferating. Core curricula are being tightened, with all students at some institutions required to take the same basic courses in literature and science.

"When you have 1,000 kids reading the same book, you get a lot of intellectual arguments in the dorms," says James V. Mirillo, a professor of English and comparative literature at Columbia University.

Many educators hold that any lasting change depends on forcing faculty members to think beyond their own disciplines. "As long as the ultimate authority for everything that gets done is lodged in the departments, I don't see how it is possible to create a coherent program," says Donald Levine, dean of undergraduates at the University of Chicago.

Leon Botstein, president of Bard College, says, "The last frontier of educational reform is the way faculty members are trained in graduate school."

Short Takes

The 1986 award for security engineering officer of the year has been presented by the State



GOOD CLEAN FUN — Ryan Wojtyla, 2, makes a gleeful swing through a mud puddle with the help of his father, Lenny, during Mud Day in Westland, Michigan. The day was sponsored by the local county park system for children of all ages during spring school vacations.

Department to Frederick K. Crosher for supervising technical aspects of the new U.S. embassy building in Moscow. When the award was announced in January, the department was aware that the building had security problems. The New York Times reports. But members of Con-

gress and intelligence officials had not charged, as they now have, that it had been contaminated with Soviet eavesdropping devices. Mr. Crosher received a \$5,000 award and a certificate.

Guns often are used to withdraw large amounts of other people's cash from banks, but an Alaska bank is offering to give away 44-caliber revolvers to some investors. The gun offer applies to those who invest \$10,000 in three-year certificates of deposit, which will pay 4 percent interest — plus the gun's retail value of \$675. Buzz Hoffman, president of Alaska Continental Bank in Anchorage, said the 1,000 Smith & Wesson revolvers will carry an Iditarod logo after the rugged annual Anchorage-to-Nome trail sled dog race.

Meat producers are enjoying their biggest boom in years while crop producers continue to suffer from low prices and slack demand. The two sides of agriculture, plants and animals, each account for about half of the annual U.S. gross farm revenue of \$150 billion. In part because the national cattle herd, at 102 million, is the smallest it has been in 25 years, and in part because early spring storms caused cattle losses, cattle steers are selling for 70 cents a pound (\$1.54 a kilogram), the highest price in three years.

"Quiet rooms" have been set up by managers of some rock concerts for parents who accompany their offspring to the concerts but cannot stand the noise. At Nassau Coliseum in Uniondale, New York, dozens of grownups gathered in a sound-proofed room beneath the stands to lounge and snack while upstairs, 18,000 youngsters jumped to the music of the Bon Jovi group. "You used to see parents hanging around outside, sitting in their cars, going to movies and just hanging around until the kids are done," said Bruce Lari, who has set up the quiet rooms in Uniondale, New Orleans, and Long Beach, California, and plans to add more elsewhere.

— ARTHUR HIGBEE

Roger Cazes, Owner of Paris's Brasserie Lipp, Dies

The Associated Press

PARIS — Roger Cazes, 73, the longtime owner of the Brasserie Lipp, the Left Bank cafe-restaurant frequented by France's politicians and intellectuals, died Thursday.

Mr. Cazes had worked at the brasserie since 1936, first under the eye of his father, Marcel Cazes. He took charge after his father's death in 1965. Roger Cazes' nephew, Michel Cazes, is his designated successor, the brasserie said.

Lipp has drawn writers such as Ernest Hemingway, Francois Sagan and Antoine de Saint-Exupery,

as well as important political figures over several decades.

Georges Pompidou and Valéry Giscard d'Estaing made up a public quarrel in 1965 over dinner there at the insistence of President Charles de Gaulle, who was said to have told them: "Go to a restaurant where you'll be seen. Why not chez Lipp? And tip off a photographer!"

It was Mr. Cazes who decided at a glance whether his guests rated a place in the main dining room or were to be relegated to the second floor.

Other Deaths:
Anna Maximilian Potok, 89, co-founder of Maximilian fur, whose sumptuous designer furs were worn by some of the world's most fashionable women, Wednesday of heart failure in New York.

James A. Boyle, 81, the judge

who handled the inquest into the 1969 drowning death of Mary Jo Kopechne in a car driven by Senator Edward M. Kennedy at Chappaquiddick, Massachusetts, Tuesday after a long illness at his home in Falmouth, Massachusetts.

Henry (Hainie) Bean, 76, a clarinetist and veteran of the Tommy Dorsey and Red Nichols orchestras, Sunday of cancer in Burbank, California.

Claude Jutra, 56, the award-winning Canadian film director, apparently from drowning. He had been missing since November. His body was recovered Sunday from the St. Lawrence River.

Justus Radevici (Jack) Lawrence, 83, a publicist who was the U.S. Army's top public relations officer in Europe during World War II, Tuesday of cardiopulmonary failure in New York.



Roger Cazes

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Herald Tribune

Published With The New York Times and The Washington Post

Good, but Not Enough

As a concept, the Japanese proposal to lend the developing countries some of its vast trade surpluses is a useful and welcome idea. But it is still pretty vague. In the form in which former Foreign Minister Shintaro Abe brought it to Washington this week, it is a preliminary sketch rather than a precise plan of action. Exactly to whom the Japanese would lend, and for what purposes, apparently remains to be decided.

In the past Japan has deflected all appeals to step up its investment in the Third World by arguing that the surpluses are, after all, private money and lie beyond the control of the government. The key to Mr. Abe's plan is the suggestion that the government will now guarantee private investment at a rate of \$10 billion a year for three years.

Mr. Abe intends this \$30 billion offer to demonstrate Japan's willingness to accept broader responsibilities in managing the international economy. That deserves applause. But recycling surpluses can be perilous. In the 1970s the OPEC countries deposited their oil surpluses in American and European banks that recycled it by lending where they could, notably in Latin America. That was the origin of the Latin debt crisis, the consequences of which now burden both the debtors and the banks. The next recycling operation will have to be

a great deal more careful than the last one.

What about the future of Japan's trade surpluses? Japan expects to continue to run them, but they cannot continue at their present size. It is a reality that the Japanese have to accept. If they begin to think of increased lending to developing countries as a way to make their present surpluses more acceptable to the rest of the world, it won't work. The loans need to be part of a transition toward lower surpluses and a better balance in the world's economy.

But even if this plan fulfills the most optimistic expectations, it will be less important to the world than accelerated investment by Japan in its own economy. Prime Minister Yasuhiro Nakasone is now pushing a very large increase in public works spending. If it goes through, that will have a far greater and more immediate impact than these guaranteed loans. For the sake of its own prosperity, and the world's, it is essential for Japan to begin rapidly expanding its internal consumption to offset the effects of a rising yen that is making its primary export market, the United States, less accessible. Increased lending to developing countries is highly desirable, but for the sake of the world's economy, the consequences of which now burden both the debtors and the banks. The next recycling operation will have to be

— THE WASHINGTON POST.

Rethink Foreign Aid

What does Secretary of State George Shultz think is the number one problem facing U.S. diplomacy? Answer: The foreign aid budget now before Congress. It is a budget full of vexing choices: whether to emphasize military security or economic development; whether to focus on foreign aid to Israel and Egypt or spread it around more; how much to pay for embassy security. Balancing these needs against hard economic priorities will inevitably shortchange important programs. Congress and the Reagan administration have to face this and explain it openly, so that harder choices can be made more logically.

The spending squeeze has left the United States unable to keep some consulates open or to meet commitments to the United Nations, multilateral banks and countries where it has base rights. It has failed to deliver on big money promises to the African continent and Central America. It remains the biggest giver of foreign aid, but its share worldwide has dropped from more than half in the 1950s to less than 30 percent.

And the way it spends its foreign aid dollars has changed dramatically. Of about \$16 billion, somewhat less than \$3 billion goes to State Department operations. The rest goes to bilateral aid (about \$11 billion), contributions to multilateral organizations and food assistance. In 1973, a quarter of the bilateral aid went to military or strategic purposes; now two-thirds goes for those purposes. And more than 40 percent of all U.S. aid goes to Israel and Egypt.

When so much is designated for only two countries, and when the overall aid program is being cut to meet deficit reduction

targets, two things happen. First, up to 50 and 60 percent of human needs programs is gutted. Second, there is very little to give when a moderate government like Corazon Aquino in the Philippines needs large infusions of aid, or a politically powerless African country like Mozambique struggles to move away from a centralized economy.

Foreign aid has always demanded state-manship. Voters forget that most of the money is spent at home; aid-driven trade means more U.S. jobs and better markets. And wise development assistance is cheaper and kinder than rushing in grain once famine hits. But state-manship seems to have dwindled along with the money.

What Mr. Shultz describes as "a major foreign policy crisis" calls for a new debate. What does the United States expect of its foreign aid spending?

Congress has two choices: Find more resources, or use existing ones differently. A good way to approach the first solution is to realize that U.S. security and interests abroad are served by foreign aid and by a strong diplomatic presence as well as by arms. Why not think of the foreign aid and Pentagon budgets as one security pot? If aid is deemed to have urgency, funds can be taken from the Defense Department. This would require major structural changes in thinking and budgeting, but that is just what may be called for from Congress.

In the meantime, the smaller foreign aid pie must be shared more equitably. There are good reasons to give billions in aid to Israel and Egypt. None of them are good enough to justify overlooking so many other programs.

— THE NEW YORK TIMES.

Now Comes the Dying

Opponents of capital punishment, struggling to find a theory on which the Supreme Court could abolish the penalty for constitutional reasons, played their last card this week and lost. It is extremely unlikely that there will soon be another case before the court that would reach a whole class of death row inmates. From now on, each individual case will be decided on its own peculiar set of facts, for the court has decided that even where statistics show that race is a factor in imposing the sentence, the death penalty is constitutional.

This landmark case involved a black man, Warren McCleskey, who killed a white police officer during a holdup in Georgia. There were no mitigating circumstances. Mr. McCleskey's appeal was not based on any claim of innocence or some flaw in his trial. Instead he argued that constitutionally unacceptable racial factors influenced the jurors who decided that he must die. A study of Georgia sentences by a University of Iowa law professor, David Baldus, had shown that a person of any race convicted of murder is far more likely to be executed if his victim was white than if the victim was of any other race. The discrepancies are not minor. Killers of whites receive the death penalty in 11

percent of these cases; but only 1 percent of those who murder blacks are so severely sentenced. If the murderer is black and the victim white, he will receive the death penalty 22 percent of the time; but if a black kills another black, that figure drops to 1 percent.

There is something obscene about all this figuring, something clinically subhuman about assessing the color of a victim's skin in fashioning a penalty, even if it cannot be proved that a judge or jury consciously made these distinctions. For the court to concede that this kind of pattern exists and still hold that race is generally not a factor in these decisions is mind-boggling.

Yet the court has stood aside, leaving the broad decisions on capital punishment to the state legislatures, where the penalty has always been popular. Now the executions will begin in earnest. Those states with hundreds of people on death row need wait no longer for a directive from the Supreme Court that might limit the penalty.

Those who will be killed have committed terrible crimes. But whatever those crimes, the rest of us should not have the stomach to do to them what they did to their victims. What is about to happen will be sickening.

— THE WASHINGTON POST.

Other Comment

Europe Will Have to Rearm

The wrong question is whether Western Europe can be protected without all the varieties of nuclear weapon which at present sit on its soil. Yes, it can. The right question is when, and how, Europeans will persuade themselves to improve the non-nuclear part of their defenses. It will soon be necessary to do this, for a reason unconnected with the current hooah over medium-range missiles, just-under-medium ones and all that. Fortunately, the hooah has accidentally made Europeans think about the real issue.

The Russian side is about to become even stronger, since the Americans will most probably soon be pulling some of their soldiers out of Europe. To cut America's budget

deficit, the post-Reagan administration will almost certainly rein back defense spending.

Western Europe has to choose whether, at the turn of the century, its stands confidently alongside America or gazes nervously up at Russia. Unless Russia is willing to do some sweeping one-sided disarmament, Europe will have to do some rearming.

A Europe that first seems to demand new American missiles, then seems to reject them and is now tempted to cling on to them, exasperates America. That has happened, of course, because two Western Europe have spoken with two clashing voices. May Europeans now assemble a single voice, and speak a policy, before Americans throw up their hands in despair.

— The Economist (London).

Real Disarming? Watch the Geneva Details

By Flora Lewis

PARIS — There is a certain Alice's Tea Party quality to the debate developing on arms control as serious prospects emerge for agreement. Soviet officials accuse the West of having bluffed all along, since it is having such a hard time deciding what it really wants now that it may have to take what it asked for.

Senator Sam Nunn has a point when he says that the whole approach is backward. Since the idea of Western arms is to deter war in Europe, not just nuclear war but any war, the logical sequence would have been to cut down on tanks and armor at the start. Then tactical nuclear weapons would no longer be needed to prevent conventional war, and so on up the scale.

But, as he also says, it is too late to turn it all around now, so the existing agenda must proceed and bear fruit. It is bogging down on the wrong issues — the links between intermediate- and shorter-range weapons in Europe.

According to what the Russians have told high-level Europeans, Secretary of State George Shultz made a tough stab in Moscow at moving the Kremlin further than Mikhail Gorbachev has gone so far. That would help him sell an agreement to Western skeptics, and the Russians know that there are influential skeptics.

Mr. Shultz asked Moscow to go on from removing all intermediate-range missiles in Europe to removing all elsewhere, too, including 100 warheads that were to be left in Soviet Asia and another 100 on U.S. territory, under the Reykjavik formula. The Soviet answer was a flat "We are not ready." But Moscow demanded that the remaining 200 be deployed so that they could not

reach the other side's territory — that is, none in Alaska. "Otherwise it would only heighten the confrontation," is the Soviet argument, unacceptable so long as Soviet missiles could reach U.S. allies in Asia, notably Japan.

Moscow does accept separating shorter-range missiles (300 to 600 miles, or 500 to 1,000 kilometers) from strictly tactical warheads (under 300 miles). That makes sense, on the argument that the tacticals come under the conventional command structure. They would be linked with conventional arms reduction some other year. But there are also disagreements on how to get rid of the Eurorockets. Mr. Shultz put forward the U.S. proposal to convert Pershing-2s in Europe to shorter-range Pershing-1Bs, and to put the land-based cruise missiles at sea. The Russians balked. All banned missiles should be verifiably destroyed, they said, adopting what had previously been the Western position.

Further, and more important, while Moscow proposed staged reductions and destruction over five years, the United States proposed a four-year schedule in which only the Russians would draw down in the early stage, while the United States continued building up to meet them.

The Russians admit their substantial superiority now, but they say that both must cut back simultaneously and proportionally to each side's total. The reason is not only political but to launch the verification regime on both sides from the start.

That comes to the crux. Verification has been

the key Western demand, and for good reason. The purpose of arms control is to reduce danger and increase confidence in security.

Inspectors running around test sites and factories, as well as deployment sites, would go a long way toward changing the climate on both sides and making further agreements easier.

There has never been an agreement to destroy nuclear weapons yet; it would be a historic first. But the real advance toward reversing the arms race would be in establishing regular and reliable verification, in other words some open and agreed mutual spying. It is not an excess of secret leaks that shadows relations, but too little information.

That should now be the central hope and concern in pushing for agreement. The rest is hypothetical balances and questions of prestige, which have meaning only if East and West are headed toward war. Serious mutual controls would be a practical start on heading the other way.

The Russians say in public that there is no problem, that they have moved to the point of being ready to accept just as much intrusion as the West will accept. That remains to be seen in the fine print. America has tabled its verification proposals in Geneva. The Russians have not yet either accepted those or laid down their own.

There is a lot of dancing around now on each side seeking to squeeze a bit more or give a bit less. There is a lot of obstructing pseudo-strategy. As the negotiations go to the moment of truth, keep your eye on the details. They will show how much of the talk has been playing to the gallery, and how much is about a real start on disarmament.

The New York Times.

Scrapping Missiles Would Leave NATO Outgunned

By Drew Middleton

WASHINGTON — What would NATO's value be in the unlikely event that the Soviet Union and the United States negotiate an agreement stripping Europe of medium- and short-range nuclear missiles? A lot of oratory and ink have been devoted to the question of whether conventional forces would suffice to deter Soviet aggression.

Representative Les Aspin has commented that 10 more divisions would be required to raise NATO's conventional strength to the point at which the Warsaw Pact would stay put. Others have said that the West should not worry about the Soviets' advantage in numbers of tanks, because Western anti-tank weapons are so advanced that they minimize the Russian edge.

General Bernard Rogers, the

NATO military commander, has recommended that the United States deploy short-range nuclear missiles in Europe. Politicians throughout the alliance clamor for extensive reductions in nuclear missiles while a few, a very few, are saying that it would be wise to be careful in dealing with "the bear that walks like a man."

In discussing the conventional balance in Europe there are two elements that should be kept in mind. The first is that both sides have abundant tactical nuclear resources — bombs and missiles that can be carried by aircraft, artillery shells and various demolition devices.

The second is that, judged by numbers alone, the Soviet Union and its allies outnumber NATO forces.

Whatever Ronald Reagan and Mikhail Gorbachev have to say in the next few months, these two elements will remain.

For example, there are 380,000 Soviet troops in East Germany, 40,000 in Poland and 80,000 in Czechoslovakia. U.S. forces in Europe, including Britain and Turkey, number about 325,000.

U.S. ground and air forces plus the promise of early reinforcement in a crisis are the heart of NATO. Two other armies in the field, those of West Germany and Britain, add significant strength. The French are an important but questionable factor; they would, they assert, resist Soviet aggression, but they would do so under their own political and military command, not NATO's.

The West is clearly outnumbered in men, tanks and aircraft. But you will hear that Western weapons are so much more sophisticated and modern than those of the Communists that the latter's advantage in numbers is almost meaningless.

Two factors must be kept in mind here. One is that the West's technological advantages have been eroded in the last decade as the Russians deployed new aircraft, tanks and other weapons of advanced design.

Another factor was put to me by a U.S. Air Force officer when the first F-15s were being deployed in Europe. It was, he said, "a hell of a weapon." But he continued, "what would happen if he had 100 F-15s and was confronted in wartime by 1,000 Soviet MIG-23s and -25s? 'We'd get 5-to-1 in each exchange,' he said, 'but they'd keep pumping in reinforcements, and pretty soon, no more F-15s.' Numbers do count."

If nuclear weapons, except those classed as tactical, are removed, there is little reason for optimism about prospects for deterring Soviet aggression. And if the Russians and their allies did attack, it is reasonable to think that allied commanders would be forced to use tactical nuclear weapons almost immediately. And if these failed, long-range intercontinental ballistic missiles would come into play with all the death and horror it would mean for the world.

If there is a lesson in this grim game of comparing conventional forces in Europe, it is simply that NATO cannot match the Russians in numbers unless its European members are prepared to forego cherished social and welfare programs and devote the money to arms and men. They have shown no desire to do in the past. Nor will they now.

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NATO's Inferiority Is NATO's Fault

NATO will have to learn that it can't have it both ways. As the nuclear terror is drawn down, inevitably there must be greater reliance on conventional arms. Many people either do not know or ignore the fact it is the West that has pushed nuclear weapons because they are cheaper than ordinary defenses. NATO likes to argue that it cannot defend against the Russian hordes. But if you count France, the West slightly outnumbers the Warsaw Pact on the central front in manpower. The West is out-tanked, out-gunned and out-planned, but that is NATO's fault. The notion that the Soviet Union is better able to afford arms than the United States and Western Europe combined is nonsense.

— Syndicated columnist Jim Fain.

Surrogate Parenthood Is Needed

By Mary Lake Polan

NEW HAVEN, Connecticut — Surrogate parenthood is no one's first choice. It is the last alternative for couples desperate to create a family.

About 10 percent of American couples are infertile. The problem usually lies with the woman. These couples are anguished. The desire for a child becomes paramount; it can break up a marriage. Couples spend years undergoing expensive and sometimes painful tests in the hope of conceiving.

The new technologies of in vitro fertilization, embryo transfer and embryo freezing have provided new possibilities, but they are not always successful. At best, 10 to 15 percent of women undergoing in vitro fertilization produce a baby. Countless couples have tried everything but still are unable to achieve a pregnancy. For many couples, surrogate motherhood is the last option. And for some women, given the restrictions and difficulties of adoption, surrogacy may be the only option.

There is nothing morally or ethically wrong with surrogacy itself. For many years, couples with an infertile male partner have been able to obtain sperm from a healthy donor. With the same technology it now is possible to use the father's semen to impregnate a nonfamily surrogate mother without the act of sex. This development



has left the childless couple, the surrogate mother, the gynecologist and the law in various postures of hope, excitement, concern and curiosity.

Why should the donation of the father's semen to a surrogate be ethically different from the insemination of the mother with a stranger's semen? This is not a question of exploitation; the surrogate mother voluntarily chooses to carry a child for an infertile couple. Surrogacy could be seen as providing parity to women.

The act itself is outside the concept of morality. We may use these procedures in a moral or an immoral fashion, but their ability to generate a pregnancy is outside that judgment.

After spending years undergoing unsuccessful surgery, hormonal therapies and testing, the childless couple still desiring to raise a child deserves the opportunity. The mother may be mechanically inseminated with the father's sperm. She may be chemically induced to produce more eggs and inseminated with a donor's semen. Or the father's semen may be used to fertilize the ova of a woman other than his wife. The specific technology is not important; the end result is.

Although surrogacy is neither immoral nor unethical, the Baby M case highlights some practical problems.

First, it is expensive. Not everyone can afford the procedure, although no one should begrudge the money paid to the surrogate mother for carrying and bearing the child. But should it be a profit-making proposition for the lawyers involved? The criticism of class exploitation might be removed if surrogacy were handled through a nonprofit agency, much like an adoption agency.

More important, surrogate mothers must be scrupulously screened. The potential surrogate's emotional and physical health must be carefully investigated to protect her, the infertile couple and the child. Habits such as drinking and smoking have a direct effect on the child's well-being. The surrogate mother's family status and support, as well as her emotional maturity and motive for bearing a child for another couple, are critical.

To protect everyone, the screening should be thorough. The taint of "babies for profit" must be avoided. Then, perhaps, surrogacy will become simply one of several new technologies allowing a barren couple to have the child they so much desire.

We are all here because of the powerful drive to procreate. We must understand that human motives drive the new reproductive technology. The ability of a childless couple to generate a family is the central issue.

The writer is a professor of obstetrics and gynecology at the Yale University School of Medicine and author of the novel "Second Seed." She contributed this view to The Hartford Courant.

P. McNEILL, Fribourg, Switzerland.

Has anyone thought of the trauma Baby M will go through when she discovers that her supposed mother is not her mother at all?

SIMON FOWLER, Estepona, Spain.

Buchanan Goes Back To the Wild

By Philip Ceylan

WASHINGTON — Somewhere at a high level in the White House there is a detailed "Memorandum for the President."

It presents a master plan of action to make the most of Ronald Reagan's remaining months in office — a grand strategy, no less, for blowing away the Iran contra scandal and establishing a proper Reagan niche in history.

Forget about the arms control agreement, it says. "Nicaragua and SDI are the two items of unfinished business on the Reagan Agenda."

Forget, as well, the Tower board's fancy emphasis on "managerial style." Instead, issue "marching orders" — that will guarantee that SDI is irreversible and that the Sandinistas are out of power by the fall of 1988.

And forget about accommodation with Congress. "To get [the Iran-contra] controversy off page one we must find a new controversy to put on page one." One way to do this is to turn Nicaragua over to U.S. military commanders and "hold Congress accountable for the cost in American blood of using U.S. Marines."

Another way is to skip the legal quibbling over constraints in the Anti-Ballistic Missile Treaty, serve the necessary six months' notice and go full blast for SDI deployment. "Shoot a presidential decision would set off a firestorm that would make Americans quickly forget" the Iran-contra affair.

Reid, this is not official. It is Patrick J. Buchanan, the departed White House communications director, as he holds forth for nearly four pages in a recent issue of Newsweek as a private citizen and self-appointed keeper of the Reagan-conservative flame.

Why call attention to it, now that Mr. Buchanan and a lot of like-minded ideologues are gone and the presidency is in safer hands?

One reason comes under the heading of count-your-blessings. Whatever damage may be done to the last two years of the Reagan presidency by new revelations from congressional investigations under way, or by judicial process, we are now advised by the usual anonymous sources that the president is responding well to the news, improving of White House life. He is said to be so engaged in decision making, taking charge, weighing options. We shall see how this works.

But if the presence of Howard Baker as chief of staff, Frank Carucci as national security adviser and a new team is one of the blessings, the absence of the loose Buchanan is another. The memorandum is a reminder of the quality of counsel the president was getting before the lid blew off.

The president's close-in counselors found a sympathetic ear — on the Sandinistas, on the SDE-Mr. Buchanan's "memorandum" to Mr. Reagan recalls "how you so often put it at the Issues Lunch." — "If not now, when? If not us, who? It is not hard to imagine, from Mr. Buchanan's pre-occupations, what sort of thickheaded, recklessly irresponsible responses the president was getting at those lunches.

A second reason for studying Mr. Buchanan's memo is what it tells about the future of his kind of conservatism as a practical political force. In an article accompanying the memo, he speaks directly to the point. "A lot of conservatives don't have the temperament for government service," he says. "They're happier in the wilderness."

But the Reagan presidency has given hordes of them a chance to learn the government ropes from the inside. "They've not only gotten used to government, they're good at it." Good at it? To the extent that Mr. Buchanan's "memorandum" reflects his own learning experience, it reveals no sense whatsoever of how government works.

Some 7,000 U.S. troops were used to subdue 700 Cuban combat engineers in Grenada. Nicaragua has a standing army of 60,000 plus, not counting a large militia. If the 10-to-1 Grenada offense-defense ratio is about right, Mr. Buchanan might want to bear in mind that the total strength of the U.S. Marines is under 200,000.

He should know, too, that congressional funding will fix the pace of SDI research and development.

He would have the United States handle arms control by negotiating not with the Soviets but with West Germany, with an eye to creating a West German nuclear capability. He should talk with the West Germans and the rest of Europe about that.

He would have the president solve South Africa's problems at a "secret" U.S.-South African summit to negotiate away both U.S. sanctions and apartheid. And he would — but enough of this. There is an apt mixed message in the Newsweek headline over the Buchanan memo: "A Conservative Makes a Final Plea."

Washington Post Writers Group.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: High-Diving Dog

NEW YORK — Canine versatility lost a valiant champion recently when Jere, an Irish terrier of purest white, died at the home of his master, F.P. Butler, in Brooklyn, after having completed one of the most varied careers allotted to dog life. Well known in practically all parts of the borough, Jere was the companion and favorite of those who visit the beaches in and about Coney Island in the summer. Chief among Jere's accomplishments was his genius for high diving. In this he was unrivaled by any other dog on the whole Atlantic coast. Swimming out to the diving platform, it was customary for Jere to climb the ladder and then cast himself with perfect poise from the platform as cleverly as any highly trained swimmer. The dog was also a swimmer of no mean attachments. He held several long distance records.

1937: Hawaii War Games

HONOLULU — More than 500 planes today (April 24) darkened the skies above Oahu, greatest military post of the United States, seeking to fleet 139 ships of the United States Navy there, in the most elaborate air-sea maneuvers in the history of peacetime naval warfare. It is expected that the maneuvers will engage them, ever fought outside of war "battle" tactics. Earlier today the attacking forces defended to surrender control of Hawaii Island in the principal battle of the second major offensive of victory in nullifying the aggressor's plans to capture all of the islands in the command of Admiral Arthur J. Heppner, one of the Navy's foremost experts on the Hawaiian Islands.

Senate U... On Pakis...

By Dan Cox

WASHINGTON — Foreign Relations Committee voted not to pass a bill to be a security measure.

The House of Representatives voted to pass the bill.

The Senate Committee on Foreign Relations voted not to pass the bill.

The House of Representatives voted to pass the bill.

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ARTS / LEISURE

Finding 'New' Works From Bologna School

International Herald Tribune

LONDON — The dream of all talented dealers is to find wonders by exploring the unknown. The second bit seems to be the easier part of the proposition. The script can be fascinating, the images are rarely convincing. "The School of Bologna 1570-1730" is an ambitious effort by two brilliant dealers, Derick Johns and Philip Harari, whose firm, Harari & Johns is three minutes walk up from Christie's at 12 Duke Street.

Johns ran the Old Masters Department at Sotheby's for years before leaving in 1981 to go into partnership with Harari, the son of Max Harari, managing director of Wildenstein's London. He too has had prolonged experience on the financial side of the art business. They know all the ropes, have a worldwide network of contacts with museums and high-powered collectors, board fights at the drop of a hat when the chance of finding a good thing looms in the offing.

Their exhibition of "Twenty-Four Bolognese and Emilia Paintings," as the description goes, not

all for sale, is their first in six years. It gives some idea of what the best eye and the sharpest financial mind can hope to achieve in the market as it stands.

Johns' interest in the Bolognese school was triggered by one of those discoveries that make every art buff feel that the world is not such a bad place to live in. Routinely viewing an Old Master paintings

SOURIN MELIKIAN

sale at Bonham's in July 1985, Johns was struck by the portrait of a young boy emptying the contents of a glass held in one hand while balancing a decanter in the other. Bonham's described it as a work of the "School of Carracci." Johns' eye told him that, underneath the coating of grimy varnish, there must be an admirable portrait. D. Stephen Pepper, who currently lays down the law on what is "by" the Carracci and what is not, gave it the seal of approval.

Annibale Carracci, his brother Agostino and their elder cousin Lodovico are the towering figures in a

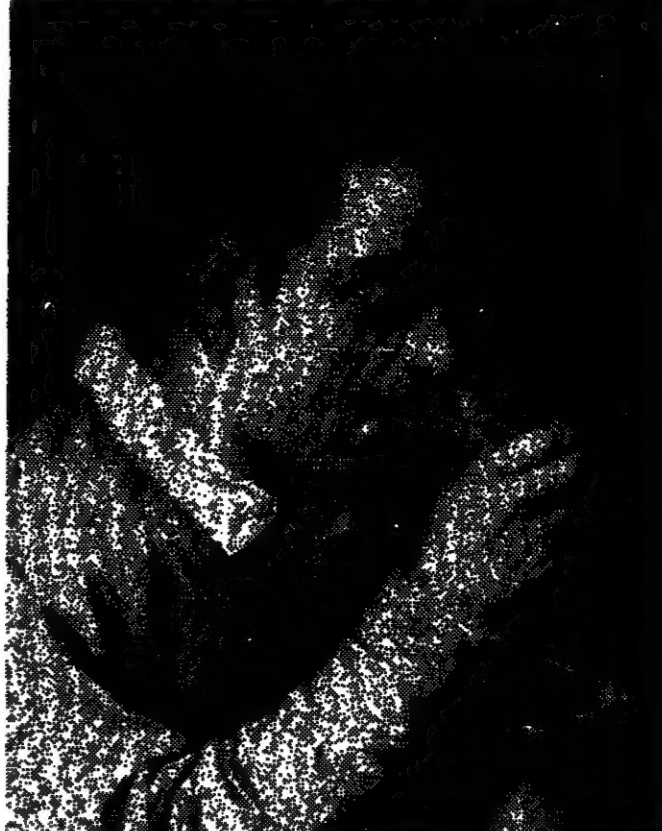
movement that emerged around 1580 in Bologna. The city had no princely patronage, but one of the oldest universities and, therefore, ideas. Pepper, in his introduction to the exhibition catalogue, links what he aptly characterizes as "a renewed sense of naturalism" with the views of the Archbishop of Bologna. The churchman thought that the success of the Protestant Reformation movement lay in its simple way of presenting the doctrines of faith to "unlettered people." He wanted direct didactic representation in religious iconography. This implied a rejection of the sophistication of Mannerism with its literary allusions and its visual stylization.

Without actually saying it, Pepper suggests that the Carracci's role in this may have had something to do with their modest social origins. Lodovico was the son of a butcher, Agostino and Annibale the sons of a tailor. Annibale's observation of daily life in unconventional postures led to some of the most brilliant innovations in portrait painting. The portrait of the boy promptly found its way into the hands of Peter Sharp, the owner of the Carlisle Hotel in New York, who took to collecting Old Masters a short while ago. It is a star piece in the traveling exhibition that started in the autumn in Bologna and is currently at the Metropolitan Museum of Art in New York.

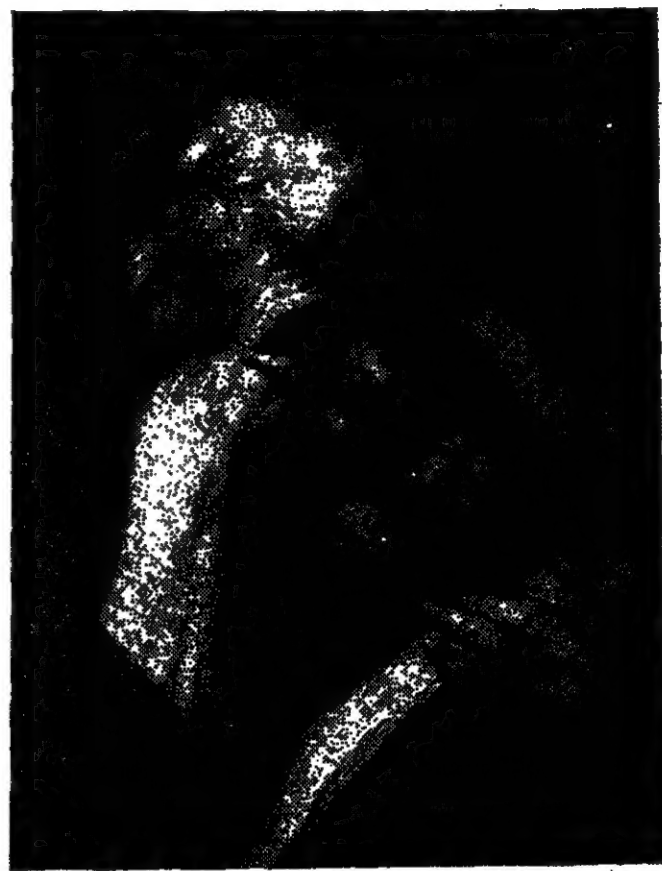
This got Johns hooked on the Carracci. Within a year, he stumbled upon another portrait, dubbed "A Bassano" in some minor sale. The rounded shoulders, the detail of the folds, the back of the boy's head, are certainly reminiscent of the characters in daily life scenes painted by the Bassano family. But the concentrated expression, with a touch of tired yet avid bitterness, the tense gesture of the hands raising the beaker to the lips suggest a stronger hand — Annibale, Pepper concluded, dating it to around 1590-92.

In between the two Annibale Carraccis, as the two portraits will be seen at least for a few years to come, Johns found an elaborate composition again classified as Bolognese School work. It is hard to imagine anything more different than this "Holy Family with St. John" done by Denis Calvert. The Antwerp-born artist left his home for Italy around 1560, never to return to Flanders. He spent some time in Bologna and was in Rome by 1572 working with the famous artist and critic Giorgio Vasari on the decoration of the Sala Regia in the Vatican. When he came back to Bologna in 1575, he worked in a Mannerist style illustrated by this soppy, prissy scene painted on copper in a mood that almost anticipates the French 18th century at its most flippant. All the same, this was another discovery. Actually the "Holy Family" was among the first paintings to be sold after the opening at Harari & Johns on April 8.

The head of an Evangelist formerly in the Gambier-Parry collection is a singularly more exciting find. Pepper considers it to be "an autograph work of Guido Reni" about whom he has written the monograph that currently serves as a reference book on the subject. The historian explains that it was customary for Reni to produce several variants on the same theme such as, for example, an elderly



Annibale Carracci: "Boy Drinking."



Guido Reni: "Head of a Saint"

gois Clouet. There is no chiaroscuro, so typical of the Bolognese School, hardly any sense of volume and none of the dramatic tension one associates with Rembrandt and the rest of them. The cool, you might say frozen appearance, reminds one of Frans Hals. If that is the work of a Bolognese artist, and more specifically, of Reni, — which some related portraits in the Museo Capitolino in Rome seem to support — this is a freak in the development of Italian art, as yet unaccounted for. Pepper dates it to the last phase of Reni's work, roughly within the decade that precedes his death in 1642.

When asked in a telephone interview how he explained the resemblance to northern European art at that time, the scholar said that it was "coincidental." Yet experience shows that "coincidence" in art history is mostly synonymous with undetected links and influences. For art hunters, there is greater scope for discoveries in these obscure phases than anywhere else. It should be exploited as long as the going is good. To put it more explicitly: as long as the label sticks.

Luckily for art explorers, from then on, the course followed by Bolognese art becomes full of surprises partly because so much of it remains uncharted. Interest in this area, commercially stimulated by the shortage of works of the more highly regarded periods, took off only recently. Two of the more astonishing paintings in the exhibition are scenes of peasant life painted on copper in an oval format. They are catalogued as paintings by Giuseppe Maria Crespi circa 1710.

The groundwork on "Giuseppe Maria Crespi and the Emergence of Genre Painting in Italy" has only just been covered. An exhibition held in the autumn at the Kimbell Art Museum in Fort Worth, Texas, is accompanied by a volume with that title by John T. Spike and other contributors. It is a model of scholarship. Yet a good deal remains in the dark. Concerning the matter in hand, only one picture of a woman washing dishes in a kitchen, now in the Palazzo Pitti, bears some connection to the pair exhibited. However, the identity of the hand is not glaringly obvious. Besides, neither the one nor the others resemble much else in work provably by Crespi. The only unquestionable thing about these two peasant scenes is their remarkable quality. At \$150,000, the price reportedly paid to Harari & Johns by Peter Sharp, they may rate as one of the more inspired buys of the season.

If the unofficial point of the show was to tickle the viewer's curiosity, it has fully succeeded. On the other hand, its declared intention to have it as a kind of miniature companion exhibition to the current Metropolitan Museum blockbuster, "The Age of Correggio and the Carracci" in order "to present outstanding works of this school" is unconvincing. It fails to be consistent in stylistic development — which is impossible in only 24 pictures — or quality; there is no way you can discover an undetected masterpiece for peanuts at the rate of one a month. Which is what the paintings for sale suggest may have been the true point of it all. Still, there is no harm in trying.

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Six Fakes Found
In U.S. Museums

Washington Post Service

WASHINGTON — Officials
at two galleries of pre-Columbian
art announced Thursday that
six major pieces have been with-
drawn from their collections after
being ruled to be forgeries by an
artist in Mexico's Veracruz area.

Three of the works come from
the St. Louis Art Museum and
three from the Dallas Museum of
Art. They are large ceramic ritual
objects supposedly dating from 600
to 900 A.D.

The Texas journalist Mimi
Crossley and E. Logan Wagner dis-
closed the forgeries in *Connoisseur*
magazine. In Veracruz last year for
the opening of the new Jalapa Ar-
chaeological Museum, they were
introduced to Brigido Lara, a
sculptor in who made small-scale
replicas for the museum shop. Lara
created "his own ideas of pre-Columbian art," Crossley said, which
found their way onto the interna-
tional market as authentic ancient
works. "He claims all the people he
sold directly to knew it was not the
real thing," according to Crossley,
"but what happened afterward was
somebody else's business."

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WORKS
WITH
THAT
SON.

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JUST SAYING THIS,
BUT THEN SOME
FRIENDS TOLD ME
ABOUT YOUR...
MARRIAGE.

FABULOUS! AND
HOW DID OUR
LINE CHANGE
YOUR LIFE?

UP...
WELL...

BIG FINISH.
ALMOST OUT
OF TIME.

YEAH, WELL, THE THING OF
IT IS, FOR A LONG TIME,
MY GIRLFRIEND AND I
WERE TOO SCARED, BE-
CAUSE OF AIDS AND ALL.

UP...
WELL...

BIG FINISH.
ALMOST OUT
OF TIME.

UP...
WELL...

BIG FINISH.
ALMOST OUT
OF TIME.

UP...
WELL...

BIG FINISH.
ALMOST OUT
OF TIME.



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Among Gandhi's Critics, Lack of an Alternative Prime Minister

By Steven R. Weisman
New York Times Service

NEW DELHI — With a potential scandal and countless other headlines, Prime Minister Rajiv Gandhi is receiving a constant thrashing from critics in Parliament. His critics have seldom had it so good.

Yet, the politician widely viewed as Mr. Gandhi's most serious rival on the Indian national scene has a crucial admission. The opposition, he says, is not yet prepared to challenge the prime minister with a personality or a program.

"You know, the government will not fall so easily," said the politician, Ramakrishna Hegde, the chief minister of the southern state of Karnataka. Even if Mr. Gandhi's government collapsed, he said, "no party is in a position to form a government at the moment."

Mr. Hegde is an unusual figure in the bombastic Indian political world. As chief minister, he has resigned twice on "moral" grounds, only to be pressed back into office by supporters.

In the last few years he has become a star of the Janata Party, or



Ramakrishna Hegde

People's Party, and a gently acerbic critic of the government.

Especially among the urban middle class, Mr. Hegde has gained stature as a clean politician, an ultimate accolade meaning that his tenure is unattested by rumors of payoffs and kickbacks of the kind swirling around the prime minister

today. Indeed, Mr. Hegde is the only figure outside Mr. Gandhi's Congress (I) Party who routinely appears at the top of popularity polls.

When he looks at Parliament, Mr. Gandhi sees a noisy but intellectual opposition holding only one out of five seats. Looking at a map of India, he sees something different, pointing to why Mr. Hegde has become an important figure.

In recent years, the Congress (I) Party's base in the states has crumbled to the point where it has lost control of the south and much of the east and the north. In most cases, the party lost to regionally based organizations or coalitions. Now, seeking to transform that local opposition into a national force, Mr. Hegde is hoping to create a new federation with the chief ministers from other states not governed by the Congress (I) Party.

In the past, opposition unity has proved elusive, and few doubt the challenges ahead for Mr. Hegde. There is also the admitted problem of coming up with a program.

Mr. Hegde offers "no basic change" in India's foreign policies. In the economic sphere, he argues that the poor are being left behind

under Mr. Gandhi. He wants to decentralize government services, as he has done in Karnataka, a state of 40 million people, to great praise. He opposes "concentrations of wealth" and generally would continue India's socialist approach.

Policies aside, New Delhi is awash with gossip these days about scenarios in which the prime minister could suddenly be driven from office.

According to one, President Zail Singh might even dismiss Mr. Gandhi and ask someone else to form a government, getting support from both the opposition and a breakaway faction of 150 or so Congress Party members. Mr. Hegde has lately paid numerous visits to the disaffected Indian president.

An aide to the prime minister dismissed such talk as "highly exaggerated wish fulfillment" by a handful of disgruntled people. But others contend that Mr. Gandhi's own allies are ready to bolt if the party keeps losing state elections.

The members of the Congress Party will stick to Rajiv Gandhi only if he is in a position to get them elected," Mr. Hegde said. "If his popularity and credibility go down, these people will jump to the other side."

In theory, Mr. Hegde could not himself directly benefit from a defection because he does not serve in Parliament. But the problem with the scenario is that no one of any stature has emerged in or out of the Congress (I) Party as a credible alternative to Mr. Gandhi.

Mr. Hegde faces numerous other obstacles, including rivalry with the national Janata Party leader, Chandrababu Naidu. Still, many are tantalized by his apparent encouragement of talk that he might resign in Karnataka, come to the capital, and try to lead an opposition campaign in the next general election.

Once universally praised for his fresh approach, the prime minister, who won in a landslide in 1984, is now constantly on the defensive. The attacks focus now on assertions that the Congress (I) Party received kickbacks on two overseas weapons contracts and protected a big textile concern accused of fraud.

"He started off so well," Mr. Hegde recalled of Mr. Gandhi's first months after taking office upon the assassination of his mother, Indira Gandhi. "His behavior toward others was perfect, I should say. Now I do not know what hap-

pened, how he suddenly became" — he paused to think of the word — "so rude."

So far there has been no proof of the corruption charges, but Mr. Hegde says it will come. The prime minister, he declared, may have wanted to banish payoffs and kickbacks at first, but was forced to change to the party's old ways.

"His friends must have told him, 'You know, you need money, you cannot go on preaching morals,'" Mr. Hegde said. "He became surrounded by a small coterie and got cut off from everyone else."

Mr. Hegde began his career as a member of the Congress (I) Party. He left in 1969, when Indira Gandhi split the party, driving away party elders, including Mr. Hegde's mentor, Morarji Desai.

Trained as a lawyer, Mr. Hegde served as a leading spokesman when Mr. Desai led the Janata Party government as prime minister in 1977-80.

That period was the only time that India was not led by the dynasty that began with the founding prime minister, Jawaharlal Nehru, continued on to his daughter, Mrs. Gandhi, through to her son Rajiv.

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ARMS:

Experts Debate

(Continued from Page 1)

military strategy of flexible response?

• Would the elimination of the missiles encourage the further de-nuclearization of Western Europe, as some officials fear?

On the first count, advocates of keeping medium-range missiles in Europe have argued that putting medium-range and short-range missiles in Europe shows that the United States would use nuclear weapons and risk retaliation to defend Europe against a conventional or nuclear attack by Moscow.

Mr. Aspin, for example, has advocated that the alliance deploy 50 to 100 medium-range missiles to reassure NATO that the American nuclear guarantee "is alive and well."

This argument has been reinforced by Mr. Scowcroft, who has said that placing the weapons on the ground in Europe would put pressure on the United States to use "them or lose them" in a war.

But advocates of the arms-reduction proposals criticize these arguments.

"The United States is coupled to Europe by unbreakable cultural and economic ties," said Stephen M. Meyer, an associate professor at the Massachusetts Institute of Technology, who is an expert on medium-range weapons. "It is an absurdity to talk about it solely in terms of equipment."

James R. Schlesinger, a former defense secretary who also wants to eliminate the missiles, said the argument that the missiles were needed to "couple" American and European security interests might have "the unintended effect of persuading the Europeans that they are nakedly naked when it simply is not."

Another key issue is whether the medium- and short-range missiles are needed to carry out NATO's doctrine of flexible response.

Advocates of continued deployment of the medium-range missiles argue that a ban on the systems would create a large gap "in Europe's defenses."

Mr. Scowcroft, Mr. Woolley, and John M. Deutch, a former Energy Department official, have argued that aircraft could fill part but not all of this gap. They also noted that to do this would divert the planes from their conventional role, where they are "desperately needed."

Proponents of eliminating the missiles say that the West would have enough weapons to carry out its flexible response strategy if the missiles were eliminated. Walter B. Slocombe, a ranking Pentagon official in the Carter administration, said that the emerging compromise under discussion in Geneva "would be a modest but useful agreement that does not require drastic changes in NATO strategy."

The third issue is whether the elimination of the missiles would prompt fears about the further de-nuclearization of Europe.

Mr. Scowcroft said last week that it would probably be politically impossible for the West to deploy new short-range missiles in light of the Soviet proposal to do away with them.

But he said the West should not give up its right to deploy such missiles because that would further encourage the psychology of de-nuclearization.

But on Thursday, Secretary of State George P. Shultz asserted that it made no sense for the United States to insist on a right to deploy missiles if it could not exercise that right.

NUMA Urges Escape Clause
Sen. Nunn, Democrat of Georgia, and chairman of the Senate Armed Services Committee, on Friday urged that President Ronald Reagan and NATO insist that any medium-range missile treaty state that it could be abrogated if a balance between West and East conventional forces could not be achieved. The Washington Post reported from Washington.

"I think we ought to serve notice in advance," Mr. Nunn said, "that the supreme national interest would dictate that we take a look at the conventional balance in Europe before we complete the withdrawal" of medium-range systems.

ARRESTS:

Police in France Seize 8 Suspects in 1986 Bomb Attacks

(Continued from Page 1)

bers of another group, arrested in March, collected the explosives just before the attacks.

The sources said they believed the two groups provided logistical support for the bombings. Eleven persons were killed and more than 150 wounded in five Paris bombings in September. In March, 2 persons were killed and 28 hurt in a bombing on the Champs-Elysees.

PRESS:

Some Bans Lifted

(Continued from Page 1)

the Appellate Court in Bloemfontein — South Africa's highest court — overturns it on appeal by the state.

The reasons for the ruling were not given immediately. But the Natal Supreme Court gave the government permission to appeal, effectively freezing the court's ruling. Meanwhile, the government was expected to draft new restrictions intended to overcome the court's objections, as it has done on previous occasions.

However, Friday's ruling appeared to represent a serious challenge to the government's interpretation of the sweeping emergency powers it granted itself June 12 in an effort to stem a worrisome social and political crisis throughout the country.

Moreover, a provincial Supreme Court in Cape Town on Friday reserved judgment on an appeal by the opposition Progressive Federal Party seeking to overturn a ban on calling for the release of persons detained without charge on suspicion of subversion or even opposing such detentions.

The government went to extraordinary lengths to rebut that appeal, including the submission of lengthy affidavits by President Botha and other senior officials.

Kenneth Andrew, chairman of the party's executive committee, told the court that Mr. Botha and his national police commissioner, General Johan Coetzee, had exceeded their authority in issuing a ban that was "grossly unreasonable, arbitrary, capricious, vague and influenced by irrelevant considerations."

In an affidavit supporting the ban, an aide to General Coetzee disclosed Friday that 1,424 children between the ages of 12 and 18 were being detained without charges. The figure was far higher than the approximately 800 under-18 detainees cited by anti-apartheid monitoring groups such as the Detainees' Parents Support Committee.

The aide said the total number of detainees of all ages being held last week was 4,244, far fewer than the 25,000 estimated by independent monitoring groups. Meanwhile, three suspected African National Congress guerrillas were killed and four policemen wounded Friday morning in a gun-battle in Umkazi Township just south of the port city of Durban, police officials said.

The clash brought to 11 the total killed this week in a violent prelude to the May 6 whites-only election for Parliament, and government officials reiterated fears that black insurgents planned to intensify confrontation to disrupt the political campaign.

Friday's clash followed the shooting by police of six striking black railway workers in two incidents in the Johannesburg area on Wednesday.

A six-week-old strike by 16,000 workers of the South African Transport Services continued Friday. A railway spokesman said the dismissal of the striking workers had been completed, and that the recruitment of replacements would begin on Monday.

More than 60 commuter trains were set ablaze with firebombs during the strike.

Residents of the black township of Soweto outside Johannesburg were reported returning to work Friday after an only partially successful three-day general strike to protest evictions of rent strikers.

INTERNATIONAL MANAGER
BY SHERYL BUCHANAN
INTERVIEW EVERY WEDNESDAY
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STATISTICS INDEX
SATURDAY-SUNDAY, APRIL 25-26, 1987

ECONOMIC SCENE

'Balance of Terror' Stops
Declaration of Trade War

By LEONARD SILK

NEW YORK — With conflicts raging over trade and protectionism, currency instability, Third World debt and the means of checking inflation and recession, international relations have been severely strained and financial markets have turned nervous and apprehensive. But, just when the opponents seem ready to slug each other into senselessness, they clinch and go into a clumsy waltz, like boxers in a comic film.

Take the battle between the United States and Japan. President Ronald Reagan has imposed 100 percent tariffs on \$300 million of Japanese computers, television sets and power tools, asserting that Japan violated an agreement not to "dump" microchips — sell them below market prices — in third markets. The Japanese insist they did not do this.

The Japanese say they have received no proof from the Americans that they violated the bilateral pact, and Mr. Reagan asks for proof that they lived up to it. Some economists say it is time for Japan to stop its disguised protectionism, but others warn that U.S. protectionism is rising and could cause or at least aggravate a worldwide crash.

Yet Japan, with its huge stake in the American market, has not yet hit back. Both sides have taken a conciliatory tone. The Japanese find it "deeply regrettable" that the United States acted unilaterally. Mr. Reagan said he was just trying to "enforce the principles of free and fair trade."

On both sides of the Pacific, the waltz goes on. Shintaro Abe, a former Japanese foreign minister, met with President Reagan to see whether the United States would lift the punitive tariffs. But Mr. Reagan apparently intends to hold out, hoping to make a broader pact when Prime Minister Yasuhiro Nakasone visits Washington next week. A broader pact would involve agreements not only on trade but on currencies and fiscal and monetary policies to stimulate growth and help shrink the U.S. merchandise trade deficit, which totaled \$147.7 billion last year, a record.

Both sides know how urgent it is to avoid a trade war, currency war and economic slump. Threats of protectionism are meant not to inflict injury but to open markets for American goods. In Japan, Clayton K. Yentler, the trade representative, and Richard E. Lyng, the secretary of agriculture, warn the Japanese that, alas, they may be unable to control a protectionist congress; the situation is "very explosive."

Japan is belatedly reacting. Mr. Nakasone is working on a major package to offer Mr. Reagan. It is part of the familiar pattern of delay and delay, until the threat of severe retaliation grows acute. But Japan has weapons, too. This week the U.S. bond market plunged on reports that Japanese institutional investors would boycott the Treasury's next refunding, in early May.

On Third World debt, there has also been a drawing back from the brink. When Brazil announced it was suspending interest payments on \$68 billion of its debts to Western commercial banks, there were fears that other major debtors might follow suit. But Argentina has reached agreement with the 11-bank negotiating committee, headed by William R. Rhodes of Citicorp. And, after nine months of delay, the Mexican financing package has also been worked out, with Mexico expected to make its first drawdown, totaling \$3.5 billion, on April 30.

But the debt crisis is far from over, since Brazil, the biggest Third World debtor, with a total of \$109 billion in loans outstanding, is still without a plan for putting its inflationary economy in order and is unwilling to make an agreement the bankers can accept. This week Chase Manhattan Bank said it would have to reduce its first-quarter earnings by about \$37 million as a result of putting its loans to Brazil on a nonaccrual basis.

See ECONOMY, Page 13

Philips,
GEC Plan
Venture

Firms to Merge
Medical Units

Reuters

AMSTERDAM — Europe's largest electronics company, NV Philips, announced Friday that it had agreed with General Electric PLC of Britain to merge their medical divisions in an equally owned joint venture, creating one of the world's largest producers of medical equipment.

The joint venture, due to start production in the second half of the year, is to combine the whole of Philips's medical division and GEC's U.S. medical subsidiary, Picker International Inc.

Philips's division had revenue in 1986 of 2.8 billion guilders (\$1.37 billion), representing 5 percent of total group sales. Picker, based in Cleveland, Ohio, had total sales in the year ended March 31, 1986, of \$612 million.

The companies said GEC would make a substantial extra investment in the joint enterprise to bring its share up to 50 percent.

A Philips spokesman said no financial details would be disclosed. The new operation is to be set up in the United States, which has a 40 percent share of the world market for medical systems. Philips said further talks would be necessary before a location was chosen.

Industry analysts say such a merger would create the world's second-biggest company specializing in medical technology after General Electric Co. of the United States, which is not related to the British company.

Philips is currently the third-largest seller of medical systems in the United States after GE and Siemens AG of West Germany. Picker ranks fourth, industry sources said.

The companies said that by combining their strengths they would be able to meet increasing demands on resources for research, development and investment, and would together be a vigorous competitor in the world market.

The two divisions currently employ 17,000 people, of whom 11,000 work for Philips. The activities of the two fit together ideally, Philips said. Each specializes in such advanced diagnostic systems as nuclear magnetic resonance scanners.

Philips said a chief executive officer would be jointly appointed, but the nomination would be made by Philips.

U.S. Firms Pinch Capital Spending

Trend Could
Hobble Growth,
Slow Innovation

By Louis Uchitelle

NEW YORK TIMES SERVICE
Exxon Corp.'s petrochemical business is enjoying good times. Profits are rising, demand is brisk and most of its plants are operating nearly flat out.

In the past, Exxon would have almost automatically built a new plant or two so that impatient customers would not be tempted to take their orders elsewhere.

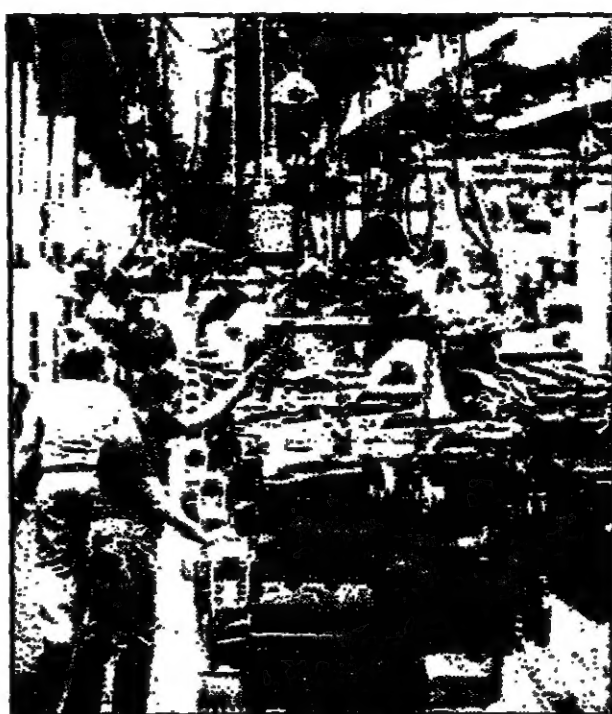
No more. Like a growing number of other U.S. manufacturers, Exxon is squeezing additional production from existing facilities through small and inexpensive steps. In its case, it is installing pipes with wider diameters, reducing shutdowns for maintenance and teaching staff to operate high-technology equipment more efficiently.

Investing billions of dollars in new capacity on the basis of forecasts of significant growth "has proven to be a terribly painful experience" for the chemical industry, said Kenneth N. Robertson, a vice president of Exxon Chemical, whose overcapacity forced it to sell one plant and close another in 1985.

Indeed, in industries ranging from autos to electric utilities to appliances, there is a reluctance to build factories or replace the equipment used in production.

That reluctance, if it persists — and there is strong evidence that it will — could hobble the economy for years. Capital spending has been a powerful engine of economic growth in the postwar years, and the stimulus it can provide is especially needed now. With so much concern that the other engine, consumer spending, is cooling off, capital spending or the lack of it could determine whether the economy continues to grow or slides into recession.

Many economists and business executives are convinced that the years of robust capital investment are over for a while. "Long term, the trend is slowly down, not up," said Irwin Kellner, chief economist at Manufacturers Hanover Trust Co. Even Paul A. Samuelson, the Nobel laureate in economics who considers himself an optimist on capital spending, does not look for a rapid expansion. "I do not see a collapse," Mr. Samuelson said, "but I don't see a new era either. In fact, I'm



The assembly plant at Cummins Engine Co. in Indiana, one of many U.S. companies cutting capital spending.

determine whether the economy continues to grow or slides into recession.

Capital spending climbed a hefty 17 percent in 1984 and 9 percent more in 1985 as the nation worked its way out of a recession. That provided a mighty contribution to growth early in the current recovery. This spending surge, however, followed a two-year period of decline. And the recovery was short-lived: Last year, capital spending fell by 3.1 percent in inflation-adjusted dollars, and the Commerce Department, in a survey of capital spending plans

quite surprised that we are doing as well as we are."

See SPENDING, Page 11

Retail Prices
In U.S. Rose
0.4% in March

The Associated Press

WASHINGTON — Retail prices rose by 0.4 percent last month, while personal income and consumer spending edged up only slightly, the government reported Friday.

The Labor Department said its Consumer Price Index for March was pushed higher by moderate increases in energy prices that more than offset declines in food costs. The rise in retail prices matched the overall 0.4 percent increase in February.

For the first three months of 1987, inflation has risen at an annual rate of 6.2 percent, compared with a 1.1 percent increase for all of 1986, a rate paced by last year's collapse of world oil prices.

Meanwhile, the Commerce Department reported that personal income rose 0.2 percent in March, the weakest since last November.

That compared with a 1.3 percent increase in February. However, the department said part of the weakness came from a drop in subsidies to farmers.

Consumer spending advanced 0.3 percent in March. Consumer spending, which includes almost every expenditure except interest payments on debt, had risen a sharp 2.4 percent in February, in part a rebound from a 2 percent decline in January.

The weakness in consumer spending, which accounts for two-thirds of overall economic growth, is the main factor cited by economists who believe that the economy will remain sluggish this year, even though the huge U.S. deficit on merchandise trade, which totaled \$147.7 billion last year, has begun to decline.

Private economists are generally

Soviet Economy
Misses 3.3% Goal

The Associated Press

MOSCOW — The Soviet economy fell short of its first-quarter growth targets because of poor management, including failure to prepare for severe weather, according to the government.

Industrial output grew 2.5 percent from a year earlier in the first three months of 1987, below the 3.3 percent stipulated for the period in the current five-year plan, which began last year.

Izvestia, the government newspaper, published the report by the Central Statistical Administration on Thursday. It said the weak performance resulted from "deficiencies in organizational and economic activity" and from "poor preparedness for winter conditions and demands for high quality."

predicting inflation of 4 percent to 5 percent for all of 1987, with higher import prices from the declining dollar accounting for much of the upward pressure on prices.

Release of the consumer price index followed a government report on Thursday that the economy grew at an annual rate of 4.3 percent during the first quarter, the fastest pace in almost three years. The report showed that growth in the gross national product, the nation's total output of goods and services and the broadest measure of the economy's health, was up sharply from a lackluster 1.1 percent in the final quarter of 1986. However, analysts pointed out that the bulk of the improvement was due to a big increase in business inventories, primarily cars.

And while inventories were building, sales to consumers and businesses were falling for the first time since the 1981-82 recession. "This way overstates underlying economic growth," said Lawrence Chimerine, chairman of Wharton Economics.

"I don't think the inventory buildup will lead to a recession, but GNP growth will be far, far lower during the next quarter or two."

Rising inventories and falling sales can lead to a recession if sales remain weak and businesses are forced to shut plants and lay off workers because of falling demand.

Baldrige Says U.S. Found Evidence of Dumping

Compiled by Our Staff From Dispatches

BEIJING — Japanese electronics companies were found violating a trade agreement on semiconductors in every case that the United States checked only five months after the agreement went into effect, the U.S. commerce secretary, Malcolm Baldrige, asserted here Friday.

U.S. officials checked 22 percent of all sales from Japan to three countries "and we couldn't find any case where they weren't dumping," or selling at unfairly low cost, Mr. Baldrige said.

"That's where the curtain came down," he said. "We can't put up

with people who don't live up to their agreements in international trade, we simply can't."

Under an agreement that went into effect in September, Japan pledged not to sell computer chips below a set "fair market value" in the United States, nor to dump chips in overseas markets and open Japanese markets more to U.S.-made chips.

On April 17, Washington imposed penalty tariffs worth \$300 million annually on certain Japanese televisions, computers and power tools because of what the United States claimed was a violation of the semiconductor pact.

On Friday, Shinji Fukukawa, vice minister of international trade and industry, said in Tokyo that his ministry would ask 64 major Japanese consumers of semiconductors to increase their purchases of U.S.-made chips this month in hopes of persuading the United States to lift its sanctions.

Mr. Fukukawa said the step was being taken following an agreement on Wednesday between the trade and industry minister, Hajime Tanuma, and the U.S. trade representative, Clayton K. Yentler, to compare April statistics on chip sales with the goal of seeking "an early solution to the problem." The

comparison will be made in the middle of next month.

Mr. Fukukawa said that production cutbacks ordered by the ministry were producing results in curbing sales of low-priced chips in third-country markets, but he indicated that extra purchases of U.S.-made chips in Japan are needed.

Japanese analysts described the ministry's move as an attempt to pad the April statistics on U.S. chip sales in Japan to bolster the case for withdrawal of the U.S. tariffs.

Semiconductors are tiny electronic devices that are the building blocks of modern electronics. See BALDRIGE, Page 13

Currency Rates

Currency	Rate	Change
Australian dollar	1.4114	0.0000
British pound	1.6450	0.0000
Canadian dollar	0.7125	0.0000
French franc	6.5596	0.0000
German mark	1.3636	0.0000
Italian lira	1.3636	0.0000
Japanese yen	163.89	0.0000
Netherlands guilder	2.2037	0.0000
Portuguese escudo	200.48	0.0000
Spanish peseta	166.64	0.0000
Swedish krona	4.6656	0.0000
Swiss franc	1.4548	0.0000
U.S. dollar	1.0000	0.0000

Source: Reuters. Rates are for U.S. dollars per unit of foreign currency. All rates are for New York. Rates for London and Zurich are for U.S. dollars per unit of foreign currency. Rates for Hong Kong and Tokyo are for U.S. dollars per unit of foreign currency. Rates for Amsterdam and Frankfurt are for U.S. dollars per unit of foreign currency. Rates for Paris and Rome are for U.S. dollars per unit of foreign currency. Rates for Madrid and Barcelona are for U.S. dollars per unit of foreign currency. Rates for Mexico City and Santiago are for U.S. dollars per unit of foreign currency. Rates for Lima and Bogota are for U.S. dollars per unit of foreign currency. Rates for Lima and Bogota are for U.S. dollars per unit of foreign currency. Rates for Lima and Bogota are for U.S. dollars per unit of foreign currency.

Other Dollar Values
Currency per U.S. dollar
Australian dollar 0.7079
British pound 0.6080
Canadian dollar 0.7125
French franc 6.5596
German mark 1.3636
Italian lira 1.3636
Japanese yen 163.89
Netherlands guilder 2.2037
Portuguese escudo 200.48
Spanish peseta 166.64
Swedish krona 4.6656
Swiss franc 1.4548
U.S. dollar 1.0000

Source: Reuters. Rates are for U.S. dollars per unit of foreign currency. All rates are for New York. Rates for London and Zurich are for U.S. dollars per unit of foreign currency. Rates for Hong Kong and Tokyo are for U.S. dollars per unit of foreign currency. Rates for Amsterdam and Frankfurt are for U.S. dollars per unit of foreign currency. Rates for Paris and Rome are for U.S. dollars per unit of foreign currency. Rates for Madrid and Barcelona are for U.S. dollars per unit of foreign currency. Rates for Mexico City and Santiago are for U.S. dollars per unit of foreign currency. Rates for Lima and Bogota are for U.S. dollars per unit of foreign currency. Rates for Lima and Bogota are for U.S. dollars per unit of foreign currency. Rates for Lima and Bogota are for U.S. dollars per unit of foreign currency.

Interest Rates
Currency per U.S. dollar
Australian dollar 0.7079
British pound 0.6080
Canadian dollar 0.7125
French franc 6.5596
German mark 1.3636
Italian lira 1.3636
Japanese yen 163.89
Netherlands guilder 2.2037
Portuguese escudo 200.48
Spanish peseta 166.64
Swedish krona 4.6656
Swiss franc 1.4548
U.S. dollar 1.0000

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Key Money Rates April 26
Currency per U.S. dollar
Australian dollar 0.7079
British pound 0.6080
Canadian dollar 0.7125
French franc 6.5596
German mark 1.3636
Italian lira 1.3636
Japanese yen 163.89
Netherlands guilder 2.2037
Portuguese escudo 200.48
Spanish peseta 166.64
Swedish krona 4.6656
Swiss franc 1.4548
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U.S. Money Market Funds
Currency per U.S. dollar
Australian dollar 0.7079
British pound 0.6080
Canadian dollar 0.7125
French franc 6.5596
German mark 1.3636
Italian lira 1.3636
Japanese yen 163.89
Netherlands guilder 2.2037
Portuguese escudo 200.48
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Gold
Currency per U.S. dollar
Australian dollar 0.7079
British pound 0.6080
Canadian dollar 0.7125
French franc 6.5596
German mark 1.3636
Italian lira 1.3636
Japanese yen 163.89
Netherlands guilder 2.2037
Portuguese escudo 200.48
Spanish peseta 166.64
Swedish krona 4.6656
Swiss franc 1.4548
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Exxon's Net Slides 37%,
Falls at Other Oil Firms

Compiled by Our Staff From Dispatches

NEW YORK — Exxon Corp., the world's largest oil company and No. 2 industrial concern after General Motors Corp., said Friday that

oil companies, Phillips Petroleum Co., reported a loss Friday.

Oil prices slumped from near \$25 a barrel in January 1986 to below \$10 by mid-1986, before recovering to around \$18 for much of the first quarter this year.

General Motors Corp.'s first-quarter earnings fell 23.1 percent to \$922 million. Page 11.

Exxon's earnings totaled \$1.50 a share, down from \$2.35 a share, on revenues down 12.54 percent to \$19.45 billion from \$22.24 billion a year ago.

Crude oil prices strengthened moderately within the quarter, and were higher than a year ago at the end of the quarter," said Lawrence G. Rawl, Exxon's chairman.

"However, average crude prices for the quarter as a whole were below the comparable 1986 period, leading to lower earnings from exploration."

See OIL, Page 11

Boesky Plea May Protect Him
From Suits by Shareholders

By Robert J. Cole

NEW YORK — Lawyers said the felony charge to which Ivan F. Boesky has pleaded guilty was so finely drawn that his vulnerability to lawsuits from stockholders was considerably lessened.

Mr. Boesky is the speculator at the center of Wall Street's insider-trading scandal. He pleaded guilty Thursday to a single criminal charge: conspiracy to "make false, fictitious and fraudulent statements" to the government.

The guilty plea involved only his actions in trading the shares of a single company, so that, in all other cases against him, Mr. Boesky could deny any accusations leveled against him.

The charge, while narrowly focused, mentioned a co-conspirator who asked Mr. Boesky in 1984 to accumulate stock in Fischbach Corp. The government refused to identify the co-conspirator.

Fischbach is the biggest U.S. electrical contractor. In 1984, a quarter of its stock was held by a company controlled by Victor Posner, a Miami businessman. The next year Mr. Posner's company increased its holding to more than 50 percent and he became Fischbach's chairman.

Rene Mottram, a spokeswoman for Mr. Posner, said: "No individual in our company or any of our companies has been charged with anything. Therefore we have nothing to say regarding Mr. Boesky or his plea."

Mr. Boesky is to be sentenced Aug. 21. The 50-year-old Wall Street arbitrator faces a maximum penalty of five years in jail and a \$250,000 fine.

Rudolph W. Giuliani, the U.S. attorney in Manhattan, said in November when Mr. Boesky's involvement first became known, that the arbitrator had agreed to plead guilty to one criminal count.

Mr. Boesky also agreed at that time to pay a \$100,000 penalty, half of which was turned over to the Treasury and the other half placed in escrow to handle claims of investors.

The charge to which he pleaded guilty Thursday is believed to have been designed by his lawyers, with the government's approval, to protect him from litigation.

Asked whether Mr. Boesky was "getting off lightly," Mr. Giuliani said, "He didn't wait. He came in to the government at an early stage and offered to cooperate."

The \$1 Million Seat: Confidence in NYSE Outlook

By Phillip H. Wiggins

NEW YORK — The sale of a seat on the New York Stock Exchange for \$1 million shows confidence in the market's strength in the face of the dollar's weakness and interest-rate uncertainty, analysts say.

The sale, which occurred Thursday, was the highest price ever paid for what has become one of the hottest properties on Wall Street.

The previous high was the \$850,000 paid for a seat last Monday.

The New York Stock Exchange does not disclose the participants in the sale of a seat. But the buyer was identified by Wall Street sources as Stern Brothers, a small brokerage and specialist firm based in New York, and the seller was said to be Irwin Herling, a New Jersey resident.

Mr. Herling could not be reached for comment. In June 1964, when he was admitted to the exchange, four seats were sold, one for \$205,000, one for \$210,000, and two for \$207,000. Officials at Stern Brothers declined to comment on the sale.

"The price of the seat reflects supply and demand," said Richard Torrezano, chief spokesman for the exchange. "There is a great deal of demand right now, which seems to imply that we have reached the strongest level of optimism in our history about the strength and future of the New York Stock Exchange."

Although the stock market has recently been rocked by big swings in reaction to the instability of the dollar, and even though the Dow Jones industrial average has fallen back from its high this year of 2,405.54 on April 6, the average is still up nearly 400 points since

Jan. 1. And since the beginning of the bull market in August 1982, the Dow has almost tripled, climbing 1,500 points.

"If one is to value the highs and lows of the stock market during any decade, there would be a direct correlation with the price of seats," said George Zimmerman, director of research at the brokerage firm of Gruntal & Co.

There are 1,366 seats on the New York Stock Exchange, a number that has been fixed for decades. Since seats are held in individual's names, some firms hold several seats. Some seats may be leased, and some are held as investments.

The \$1 million paid Thursday compares with the price 10 years ago, when seats sold for less than \$100,000. Prices weakened at that point and in August 1978, a seat cost only \$50,000.

COLOMBIA SECURITIES N.V.

Amsterdam

Shareholders are invited to attend the Annual General Meeting to be held on Wednesday, 13th May 1987 at 10:30 hours at the head office of the Algemene Bank Nederland N.V., Vijzelstraat 32, Amsterdam.

AGENDA

1. Opening
2. Report of the Management for the financial year 1986 and report of the Supervisory Board.
3. Adoption of the Annual Accounts for the financial year 1986.
4. Appropriation of the 1986 result.
5. Any other business.

The respective documents are available at the office of the Company, Noorderstraat 6, Amsterdam.

Holders of bearer shares wishing to attend the General Meeting must deposit their shares ultimately on Wednesday 6th May 1987 before 16:00 p.m. with the Algemene Bank Nederland N.V. or with Banque de Neufville, Schlumberger, Mallet, Paris. A deposit certificate will be issued to such shareholders, which, upon surrender, will entitle them to attend the meeting and cast their vote.

Holders of shares registered with the Company in its shareholder's register must inform the Managing Director in writing at least four days prior to the meeting that they wish to attend the meeting in person or by proxy.

Amsterdam, 24th April, 1987.

ABN-de Neufville International Investment Advisory Company B.V.
(Managing director)

TRANS EUROPE FUND N.V.

Amsterdam

Shareholders are invited to attend the Annual General Meeting to be held on Wednesday, 13th May 1987 at 14:30 hours at the head office of the Algemene Bank Nederland N.V., Vijzelstraat 32, Amsterdam.

AGENDA

1. Opening
2. Report of the Management for the financial year 1986 and report of the Supervisory Board.
3. Adoption of the Annual Accounts for the financial year 1986.
4. Determination of the dividend.
5. Appointment of a new member of the Supervisory Board. The Supervisory Board has put forward nominations with regard to the

CCF Share Price Set at 107 Francs

By Axel Krause
International Herald Tribune

PARIS—The Finance Ministry said Friday that the offering price to the public for shares in CCF Commercial de France, the second major government-owned bank being returned to private ownership, would be 107 francs (about \$18).

The offering, which analysts said would be easily oversubscribed, would apply to about 40 percent of CCF's 41 million shares outstanding that will go on sale Monday.

Additionally, with the aim of preventing any unfriendly takeover, about 30 percent of CCF's shares have been offered to a core group of nine industrial and financial companies friendly to CCF, including the government-owned Compagnie Générale d'Electricité, Rhévo-Poulenc S.A. and Thomson SA of France, and Kreditbank NV of Belgium.

The core group has agreed to pay a premium of about 3 percent for the shares. They will be required to

keep the shares for a minimum of five years, CCF executives said.

A further 17.5 percent of CCF's shares is being offered to foreign shareholders. That offering is being managed by a syndicate of eight banks: Morgan Guaranty of the United States; Indosuez of France; Klewort Benson of Britain; Niko Securities of Japan; Kreditbank of Belgium; Union Bank of Switzerland; and Berliner Handels & Bank of West Germany.

"Based on responses so far, the offering to our core group and foreign shareholders has been more successful, resembling what happened in the case of Paribas," a CCF executive said.

The flotation in February of the Paribas banking group, the first major French bank to be denationalized, was 40 times oversubscribed. The Paribas shares were priced at 405 francs.

About 10 percent of the remaining CCF shares, in conformity with the conservative government's de-

nationalization guidelines, will be offered to employees of CCF, which is the sixth largest French bank in terms of deposits.

Gabriel Peller, CCF's chairman, said Friday that CCF's consolidated net group earnings in 1986 rose 41 percent from a year earlier to 360.5 million francs, while assets rose 27 percent to 206.8 billion francs.

"As you can see, the CCF is ready for privatization," he said.

Many analysts said that the offering price was "reasonable" and that they anticipated improved earnings by CCF in the next few years, although probably at lower rates.

A. Ferri, B. Ferri, C. Germe SA, a Paris brokerage firm, estimated that CCF's net group earnings between 1987 and 1988 would rise by about 20 percent.

A total of 11 groups are slated for denationalization this year, including CCF. Fifteen other groups are on the government's list, but no dates have been set for their sales.

BP Extends Tender Offer for Standard Oil

By Arthur Higbee
International Herald Tribune

NEW YORK—Standard Oil Co. said British Petroleum PLC has extended its \$70 a share tender offer until May 4.

The offer for the 45 percent of Standard shares not already owned by BP had been scheduled to expire April 28. Standard said discussions with BP concerning the offer were continuing but provided no further details.

"So long as these discussions continue, no recommendation will be made to Standard Oil shareholders regarding the offer," Standard announced.

A committee of independent directors previously obtained an opinion from First Boston Corp. that the Standard shares had a value of \$85 each, \$15 more than the BP offer.

Thursday's announcement said Mr. Metter, 39, told Mr. Johnston, also 39, that while both shared the same goals, "they had different strategies for achieving these goals."

Mr. Johnston has been faulted for failing to improve earnings al-

2d Top Executive Leaves J. Walter Thompson

By Arthur Higbee
International Herald Tribune

J. Walter Thompson Co. said William Metter had resigned as chairman and chief executive of the fourth biggest U.S. advertising company's domestic arm, J. Walter Thompson USA.

He is the second top-level J.W.T. executive to leave this year. Thompson clients include Ford cars, Kodak film and Burger King restaurants.

Don Johnston, chairman and chief executive of both the parent J.W.T. Group and the advertising company J. Walter Thompson, said Thursday he would assume the duties of chief executive of the U.S. unit as well.

Securities analysts said the change reflected continuing management turmoil at an agency they say has been underperforming financially.

Earlier this year, Mr. Johnston fired Joseph W. O'Donnell as head of J. Walter Thompson Co. after Mr. O'Donnell disclosed he had talked with an outside group about buying out J.W.T.

Thursday's announcement said Mr. Metter, 39, told Mr. Johnston, also 39, that while both shared the same goals, "they had different strategies for achieving these goals."

Mr. Johnston has been faulted for failing to improve earnings al-

though the company's creative reputation has grown in recent years. J.W.T. Group reported net income fell 70 percent to \$5.9 million in 1986 from \$19.4 million in 1985, despite an 11 percent rise in commissions and fees to \$641 million.

Commodore International Ltd., the West Chester, Pennsylvania, home computer maker that has been recovering after several quarters of heavy losses, said its chairman and biggest stockholder, Irving Gould, would replace Thomas A. Rattigan as chief executive. Mr. Rattigan, 49, resigned as president and chief executive on Wednesday and filed a \$9 million lawsuit against Commodore, charging breach of contract.

He said he had a five-year contract that was to run until 1991 and that his resignation had not been voluntary.

Wheeling-Pittsburgh Steel Corp. has named William J. Schaffner, a bankruptcy expert, as its new president and chief executive officer, succeeding George A. Ferris, 70, who resigned as chief executive in March, and John D. Fry, who resigned as president in April.

The company filed for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code two years ago. In announcing the selection of Mr. Schaffner, the company said he had a "significant background in Chapter 11 proceedings" in former posi-

John Swearingen To Retire From Continental Bank

The Associated Press

CHICAGO—John E. Swearingen, who presided over the restructuring of the near bankrupt Continental Illinois Corp., is retiring as chairman and chief executive officer.

Mr. Swearingen, 68, said when he joined the company in 1984 that he planned to remain only for about three years.

He had retired in 1983 after 23 years as chief executive officer of Standard Oil Co. (Indiana), now Amoco Corp.

Continental Illinois, the 14th largest U.S. bank holding company, said Mr. Swearingen would remain in his present job until a new chairman is elected. The company's directors will begin a search for a new chairman and chief executive officer.

international investment banking arm, at the unit's London headquarters. Mr. Havill, 47, who is British, will be responsible for developing leveraged buyout business in Europe.

Morgan Grenfell Group PLC, the London merchant banking firm named John Craven, head of Phoenix Securities Ltd., as its chief executive. Mr. Craven, 46, succeeded Christopher Reeves, 51, who resigned in January over Morgan Grenfell's role in the Guinness PLC share-trading affair. Morgan Grenfell will acquire Mr. Craven's private merchant banking firm, Phoenix, which will continue to operate as an independent unit.

Barton Group PLC has hired John Hoerner, an American retail executive, as chairman of its Debenhams chain of 67 specialty department stores in Britain. Mr. Hoerner, 47, was president and chief executive of S.S. Ayres & Co., a chain of 25 U.S. department stores that was part of Associated Dry Goods Corp. Mr. Hoerner lost his job there after May Department Stores Co. took Associated over last year. Like Ayres, Debenhams' primary focus is on fashion. Robert Thornton was chairman of Debenhams before its takeover by Barton in 1985. He resigned the next year. In recent months Laurence Cockburn, Barton's joint deputy group managing director, has been acting chairman of Debenhams.

Texaco Inc. has been told by Judge Howard Schwarzsberg, who is overseeing Texaco's reorganization in federal bankruptcy court, that it may resume its appeal in the suits against a \$10.3 billion debt judgment in favor of Pennzoil Co. All litigation between Texaco, based in White Plains, New York, and Houston-based Pennzoil was suspended on April 12 when Texaco filed to reorganize under Chapter 11 of the U.S. Bankruptcy Code.

Warburg, Pincus Capital Co. said that about 2.2 million shares had been tendered in its \$3.50-a-share offer for up to 2.5 million common shares of Symbion Inc. Warburg said the tendered shares, when added to its previous holdings and a stake owned by a second Warburg, Pincus partnership, give the company control of about 55.3 percent of Symbion.

COMPANY EARNINGS

GM Profit Drops 23.1%, but Better Forecasts

Compiled by Our Staff From Dispatches

DETROIT—General Motors Corp. has reported a 23.1 percent drop in first-quarter earnings to \$922 million from \$1.2 billion in the same 1986 period, citing production cuts in response to slumping sales and the cost of less incentive campaigns.

The No. 1 U.S. automaker on Thursday said its earnings totaled \$2.34 a share, which far exceeded analysts' estimates of \$1.90 to \$2 a share, but was well below \$3.52 a share a year earlier.

The company's dollar sales in the first quarter totaled \$26.1 billion, down about 3 percent from \$26.8 billion in the 1986 quarter. But its worldwide factory sales of cars and trucks were down 10 percent, to 2.1 million units.

GM said the decline was in response to strong competition from Ford Motor Co. and Chrysler Corp., and from imports. Analysts expect Ford to report higher earnings for the period early next week. Chrysler's report is expected Monday.

Operating earnings were particularly hard hit, falling 49 percent to \$687.4 million from \$1.36 billion. Some analysts said GM's car and truck operations posted better results than anticipated. But despite GM's performance, many analysts are not changing their negative assessments, saying the company is still producing more cars than it can sell and will be forced to cut production in the second half, reducing income.

GM said that it was "accelerating its efforts to cut employment and phase out its 'uncompetitive or obsolete' parts plants. GM, which last year announced plans to close 11 major manufacturing plants, has been widely expected to announce more closings of components plants, as it tries to reduce its fixed costs—the highest in the domestic auto industry. However, plant closings are being opposed by the United Automobile Workers.

GM's biggest lift came from its financing subsidiary, General Motors Acceptance Corp., which contributed \$457.3 million.

Delta Air Lines Inc. has reported a fiscal third-quarter profit of \$26.4 million compared with a year-earlier loss of \$6.38 million, while Trans World Airlines Inc. said it cut its loss by 68 percent to \$54.8 million in the quarter ended March 31 from \$169.6 million in the same 1986 quarter.

Atlanta-based Delta said its latest net income

equaled 54 cents a share, on revenue that rose 31 percent to \$1.45 billion from \$1.11 billion. The company said the results trailed its expectations because of new price wars that narrowed profit margins.

Delta said its latest figures included the results of Western Air Lines, which Delta acquired last Dec. 18, while the year-earlier results do not.

In New York, TWA said it reduced its first-quarter 1987 pretax loss from operations to \$27.4 million from \$149.4 million a year earlier. Revenue rose 24 percent to \$824 million from \$662.9 million.

Despite losing money it was TWA's best operating performance in 14 years for the first quarter, which is traditionally the airline's most unprofitable three-month period. TWA said, noting that it had operating profits in the third and fourth quarters of 1986.

TWA's chairman, Carl C. Icahn, attributed the reduced loss to cost controls, a restructuring of TWA's route system, lower fuel expenses and the absence of the labor strife and terrorism-related passenger declines TWA encountered a year earlier.

Shell's 37 percent fall took first-quarter earnings to \$106 million from \$168 million in the year-earlier period. Shell does not report per-share earnings because it is wholly owned by the Royal Dutch/Shell Group. Revenues for the first quarter decreased by 4 percent to \$4.5 billion from \$4.7 billion.

Atlantic Richfield said its earnings fell 22.7 percent to \$239 million from \$299 million in the year-earlier period. Profit totaled \$1.31 a share, on lower first-quarter sales of \$3.7 billion, compared with \$1.64 a share on revenue of \$4.3 billion.

Standard Oil said its quarterly profit was \$200 million, or 85 cents a share, on \$2.5 billion in sales, down 20.9 percent from \$253 million, or \$1.08 a share, on \$2.9 billion in sales last year.

Phillips said it had losses of \$32 million on \$2.54 billion in first-quarter sales, compared with a profit of \$96 million, or 39 cents a share, on revenue of \$3.1 billion in the year-ago period. (AP, UPI)

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OIL: Profits Fall in U.S.

(Continued from first finance page)

tion and production operations.

Exxon said its earnings from domestic exploration and production totaled \$297 million in the quarter, down from \$302 million in the same period a year earlier, while foreign profit in that sector fell to \$662 million from \$872 million.

Mr. Rawl said margins in refining and marketing were especially hurt in the quarter because of competition domestically and abroad.

Shell said its domestic crude prices averaged \$14.24 a barrel in the quarter, compared with \$19.28 in the same 1986 period.

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SPENDING: U.S. Firms Cut Capital Investment, Raise Fears of Slowdown

(Continued from first finance page)

released last week, forecast a rise of only 1.8 percent for this year.

While spending is increasing in paper, textiles and food, some big gains of capital investment—auto, steel, computer and utility companies, for example—are shrinking their outlays, and the oil industry has no plans to increase spending significantly.

Most forecasts see capital spending increasing again in 1988. After next year, however, it is expected to subside. Neither the Commerce Department nor such private forecasting services as Wharton Economics and McGraw-Hill's Data Resources Inc. hold out hope that capital investment will grow at more than a 4 percent average annual rate before the mid-1990s.

That would keep it just ahead of the expected annual increase in the gross national product—hardly the stimulant that spending has been in the past, when it climbed at two or three times the rate of economic expansion.

But too many obstacles are piling up for history to repeat itself.

The chief obstacle is the emergence of the global marketplace. With efficient, low-cost producers in such countries as Taiwan, Korea, Brazil and Japan competing against them, U.S. corporations are under intense pressure to lower their prices. For that reason, U.S. executives are demanding that a given investment reduce their companies' manufacturing costs, and generate higher financial returns.

The upshot: Fewer capital-spending projects are winning approval.

Worldwide production overcapacity in many industries is taking its toll. Because of the overcapacity, U.S. business has abandoned a traditional reason for capital investment: Having enough factories on hand to stay a step ahead of the seemingly insatiable market.

The thinking that prompted us to buy three machines instead of one, to grow, is gone," said John Hackett, chief financial officer at Cummins Engine Co.

The growing tendency to buy parts and components abroad, rather than make them in-house, is cutting into capital spending, particularly in the auto, steel and electronics industries.

The volatile dollar and the big U.S. trade deficit add to the risk of a capital investment and inhibit it. A capital investment made in a dollar that might be overvalued in the world market would be a money-losing if the dollar rebounds. Optimists assume U.S. companies will capture a larger share of both domestic and inter-

Fixed Investment in the U.S.

Nonresidential fixed investment in billions of 1982 dollars.

Source: Bureau of Economic Analysis

1980 1981 1982 1983 1984 1985 1986 1987 1988

1980 1981 1982 1983 1984 1985 1986 1987 1988

1980 1981 1982 1983 1984 1985 1986 1987 1988

1980 1981 1982 1983 1984 1985 1986 1987 1988

1980 1981 1982 1983 1984 1985 1986 1987 1988

1980 1981 1982 1983 1984 1985 1986 1987 1988

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In the current issue of the Harvard Business Review.

CURRENCY MARKETS

DOLLAR: U.S. Currency Plunges Below 140 Yen

(Continued from Page 1)

trade pressure and lead to a stabilization of exchange rates.

Aiko Tami, president of Matsushita Electric Industrial Co., said, "We have made every possible effort to absorb the yen's appreciation but the present level is beyond our reach."

The dollar's fall began in Tokyo on Thursday morning, partly in response to a statement by the U.S. trade representative, Clayton K. Younger, that if the Japanese failed to act to stimulate their economy and reduce their trade surplus with the United States, the dollar might fall to 100 yen.

He later said that the statement was not meant as a threat, but the damage was done, and was exacerbated later in the day by a report on first-quarter U.S. gross national product, the total value of goods and services.

Economists said that the surprisingly strong annual rate of 4.3 percent at which GNP expanded, the most rapid growth in almost three years, came mostly from a buildup of business inventories and masked serious economic weakness.

"The market sees the rise in inventories as involuntary," said Robin Bauer, vice president of Drexel Burnham Trading Corp. in New York. "It means goods are piling up in warehouses, not moving quickly to consumers. No one sees it as a real indication of how the economy is performing."

A spokesman for Prime Minister Yasuhiro Nakasone of Japan agreed with that assessment. "The worse-than-expected U.S. economic indicator is the main factor" for the dollar's fall, he said.

The report also presaged higher inflation, and there was more bad news on the inflation front Friday,

London Dollar Rates

Currency	Rate	Change
U.S. dollar	1.4025	↓ 0.0010
Japanese yen	139.65	↓ 0.10
Swiss franc	1.4625	↓ 0.0010
French franc	6.5625	↓ 0.0010

Source: Reuters

when the Commerce Department announced that U.S. consumer prices rose a seasonally adjusted 0.4 percent in March from February.

The department said that prices rose at an annual rate of 6.2 percent in the first three months of this year, compared with a 1.1 percent rise in 1986.

Those indications that inflation is heating up further eroded support for the dollar and sent speculators scrambling to buy gold and silver, dealers said.

In Europe, gold was fixed at \$462.50 an ounce in Zurich, up \$12.25 from Thursday. The New York Commodity Exchange settled the spot contract at \$462.90, up from \$460.40. Precious metals are considered by investors and speculators as a traditional hedge against inflation.

Silver prices climbed above \$9 in Europe, up more than 66 cents for the day. Later silver rose to \$9.66 in New York.

Traders said that the U.S. Federal Reserve's purchase of dollars for Deutsche marks may have been the most ominous development in the day's dealings.

"That is worrisome because it shows the dollar's weakness against the yen is beginning to affect the dollar-mark exchange rate," a dealer for an American bank in Frankfurt said. "The dollar has been fairly steady around 1.80 DM since the

beginning of the year. I think it will hold between 1.78 DM and 1.82 DM for the next week or so, but if the yen keeps rising, that can't last very long."

Paradoxically, the heavy intervention may be weakening the dollar inadvertently, analysts said. The spending of huge amounts of money is increasing the money supply, which usually triggers or intensifies inflation.

Finance Minister Kiichi Miyazawa of Japan added to the pressure on the U.S. currency Friday when he said Japan had no plans to take new emergency measures to support the dollar, other than continuing its foreign exchange intervention.

The dollar's long weakness against the yen has prompted speculation that Japan might take other measures to support the U.S. currency, such as limiting capital outflows or cutting its discount rate.

Where the dollar is headed in the near term will be determined largely by the U.S.-Japanese trade dispute, dealers said.

"It comes down to what the dollar does against the yen," said a dealer for a West German bank. Mr. Yeutter mentioned 100 yen to the dollar unless the Japanese act to stimulate their economy and open the domestic market to foreign companies. While I don't think anyone believes the situation will go that far, it creates much nervousness."

Most dealers predicted that the dollar would move in a range from 1.78 DM to 1.82 DM in the next week, but were reluctant to name a trading range for the yen.

"The only direction the dollar has gone against the yen lately is down," one dealer said. "That's still the trend."

BALDRIGE: U.K. Institutions Resist International Share Offers

By Steve Lohr

New York Times Service

LONDON — International equity transactions increased fivefold last year to more than \$11 billion and, not surprisingly, British companies are eager to tap into the worldwide pool of investors, taking advantage of last October's liberalization of the London market.

He said the U.S. share of the Japanese chip market, a steady 10 percent for around 15 years, shrank to 8.5 percent four months after the pact was implemented.

"The agreement wasn't being agreed to," he said. "As soon as it is, we'll withdraw the sanctions. It's a very simple open-and-shut case."

He said the Japanese had been dumping computer chips for many years in the United States.

"They were doing it clearly to try and take over our semiconductor companies so they would have the market to themselves," he charged.

He said the issue would be resolved without escalating into a "trade war," which some members of Congress have warned is inevitable.

"There will not be a trade war because Japan does not want a trade war," Mr. Baldridge said. "We certainly don't."

Mr. Baldridge, who was attending an annual Chinese-U.S. trade conference, also said that Congress was likely to pass some kind of trade bill in 1987, but it would not survive if it was protectionist.

"If we can't get the very tough protectionist measures out of whatever bill comes through, the president will veto it," he said. "We are working and hoping for a bill that is not protectionist."

Mr. Baldridge said that virtually every U.S. senator and congressman, whether for or against free trade, wanted to tell his voters he had signed a trade bill this year.

(AP, LAT, Reuters)

been encouraged by foreign investment banks, especially U.S. firms, for which global equity issues have become a lucrative business.

The British shareholders have won two recent skirmishes. On April 16, Fisons PLC, a drug maker, withdrew his plan to issue 18 million shares for \$180 million, mostly in Europe and East Asia, after it appeared that its shareholders might vote not to approve the offering.

On Tuesday, C.H. Beazer PLC, a construction company, said it would halve its planned \$130 million issue after shareholder resistance.

In addition, Barclays Bank PLC, the second largest British commercial bank, faced a furor at its annual meeting on Wednesday from big investors unhappy with its plan to raise more than \$400 million through simultaneous offerings in Japan and the United States next month.

In Britain, unlike the United States and some other countries, the argument centers on the traditional British practice of offering current shareholders an attractive discount to the market price during new issues of stock.

In the past two weeks, a few British companies have tried to bring out international stock issues that bypass the so-called pre-emptive rights of existing shareholders.

They have been met with resistance from existing market players. They have

history, move to work out their differences and staff off debt default or a trade and economic war.

The major players, both public and private, realize that the strained world economic situation is too dangerous for all-out hostilities. In that respect, the situation today has a certain similarity to the threat of nuclear war in the "postwar" world. But a balance of terror has, at best, only a slight margin of stability. Mutual deterrence, in both the economic and military spheres, needs to be reinforced by agreements to enhance stability.

ECONOMY: 'Balance of Terror'

(Continued from first finance page)

basis. And Citicorp, the biggest lender to Brazil, said it, too, would put its Brazilian loans on a nonaccrual basis, reducing its earnings by about \$53 million in the first quarter and \$190 million for all of 1987.

Thus the adjustment process, painful and jumpy as it is, goes forward. The nations and the banks are steering clear of the explosions that could blow up the system. Despite all the talk in the United States, Japan and Europe of a crash of '87, the smart money is still betting against one, as policy makers, only too aware of the blunders of

history, move to work out their differences and staff off debt default or a trade and economic war.

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corporations are required to give existing shareholders first chance at new share issues, often at 10 percent or more below the market price.

The system partly reflects the power of the major British investment institutions in their home market. A typical British company has 30 percent or 40 percent of its stock held by a few dozen investors, mostly insurance companies and pension funds.

"British companies generally get most of their money from a handful of institutions and those institu-

tions call the shots," said Philip Hooker, a corporate finance specialist at Hoare Govett Ltd. "The question is how long that will go on."

But the British institutions say they believe the close ties between institutions and British companies serve the long-term interests of the nation's industry by giving it a stable, British shareholder base.

"Foreign investors are often fickle, driving a company's share price up for a few months and then dumping it," one British fund manager said.

Euro-Commercial Paper

April 26									
15-45 days									
Issuer	Rate	Amount	Mat	Ask	Issuer	Rate	Amount	Mat	Ask
Amalgamated	4.50	30	4.50	A-1	new castles	10 1/4	100	4.50	A-2
Bank of America	4.50	30	4.50	A-1	Bank of America	17 1/4	100	4.50	A-1
Bank of England	4.50	30	4.50	A-1	Bank of England	18 1/4	100	4.50	A-1
Bank of France	4.50	30	4.50	A-1	Bank of France	18 1/4	100	4.50	A-1
Bank of Germany	4.50	30	4.50	A-1	Bank of Germany	18 1/4	100	4.50	A-1
Bank of Italy	4.50	30	4.50	A-1	Bank of Italy	18 1/4	100	4.50	A-1
Bank of Japan	4.50	30	4.50	A-1	Bank of Japan	18 1/4	100	4.50	A-1
Bank of Spain	4.50	30	4.50	A-1	Bank of Spain	18 1/4	100	4.50	A-1
Bank of Sweden	4.50	30	4.50	A-1	Bank of Sweden	18 1/4	100	4.50	A-1
Bank of Switzerland	4.50	30	4.50	A-1	Bank of Switzerland	18 1/4	100	4.50	A-1
Bank of the Netherlands	4.50	30	4.50	A-1	Bank of the Netherlands	18 1/4	100	4.50	A-1
Bank of Belgium	4.50	30	4.50	A-1	Bank of Belgium	18 1/4	100	4.50	A-1
Bank of Greece	4.50	30	4.50	A-1	Bank of Greece	18 1/4	100	4.50	A-1
Bank of Portugal	4.50	30	4.50	A-1	Bank of Portugal	18 1/4	100	4.50	A-1
Bank of Turkey	4.50	30	4.50	A-1	Bank of Turkey	18 1/4	100	4.50	A-1
Bank of Yugoslavia	4.50	30	4.50	A-1	Bank of Yugoslavia	18 1/4	100	4.50	A-1
Bank of Czech Republic	4.50	30	4.50	A-1	Bank of Czech Republic	18 1/4	100	4.50	A-1
Bank of Slovakia	4.50	30	4.50	A-1	Bank of Slovakia	18 1/4	100	4.50	A-1
Bank of Hungary	4.50	30	4.50	A-1	Bank of Hungary	18 1/4	100	4.50	A-1
Bank of Poland	4.50	30	4.50	A-1	Bank of Poland	18 1/4	100	4.50	A-1
Bank of Romania	4.50	30	4.50	A-1	Bank of Romania	18 1/4	100	4.50	A-1
Bank of Bulgaria	4.50	30	4.50	A-1	Bank of Bulgaria	18 1/4	100	4.50	A-1
Bank of Albania	4.50	30	4.50	A-1	Bank of Albania	18 1/4	100	4.50	A-1
Bank of Macedonia	4.50	30	4.50	A-1	Bank of Macedonia	18 1/4	100	4.50	A-1
Bank of Serbia	4.50	30	4.50	A-1	Bank of Serbia	18 1/4	100	4.50	A-1
Bank of Montenegro	4.50	30	4.50	A-1	Bank of Montenegro	18 1/4	100	4.50	A-1
Bank of Bosnia and Herzegovina	4.50	30	4.50	A-1	Bank of Bosnia and Herzegovina	18 1/4	100	4.50	A-1
Bank of Croatia	4.50	30	4.50	A-1	Bank of Croatia	18 1/4	100	4.50	A-1
Bank of Slovenia	4.50	30	4.50	A-1	Bank of Slovenia	18 1/4	100	4.50	A-1
Bank of Ljubljana	4.50	30	4.50	A-1	Bank of Ljubljana	18 1/4	100	4.50	A-1
Bank of Zagreb	4.50	30	4.50	A-1	Bank of Zagreb	18 1/4	100	4.50	A-1
Bank of Belgrade	4.50	30	4.50	A-1	Bank of Belgrade	18 1/4	100	4.50	A-1
Bank of Sofia	4.50	30	4.50	A-1	Bank of Sofia	18 1/4	100	4.50	A-1
Bank of Athens	4.50	30	4.50	A-1	Bank of Athens	18 1/4	100	4.50	A-1
Bank of Thessalonica	4.50	30	4.50	A-1	Bank of Thessalonica	18 1/4	100	4.50	A-1
Bank of Patras	4.50	30	4.50	A-1	Bank of Patras	18 1/4	100	4.50	A-1
Bank of Corinth	4.50	30	4.50	A-1	Bank of Corinth	18 1/4	100	4.50	A-1
Bank of Volos	4.50	30	4.50	A-1	Bank of Volos	18 1/4	100	4.50	A-1
Bank of Larissa	4.50	30	4.50	A-1	Bank of Larissa	18 1/4	100	4.50	A-1
Bank of Ioannina	4.50	30	4.50	A-1	Bank of Ioannina	18 1/4	100	4.50	A-1
Bank of Kalamata	4.50	30	4.50	A-1	Bank of Kalamata	18 1/4	100	4.50	A-1
Bank of Rethymno	4.50	30	4.50	A-1	Bank of Rethymno	18 1/4	100	4.50	A-1
Bank of Iraklion	4.50	30	4.50	A-1	Bank of Iraklion	18 1/4	100	4.50	A-1
Bank of Chania	4.50	30	4.50	A-1	Bank of Chania	18 1/4	100	4.50	A-1
Bank of Heraklion	4.50	30	4.50	A-1	Bank of Heraklion	18 1/4	100	4.50	A-1
Bank of Agios Nikolaos	4.50	30	4.50	A-1	Bank of Agios Nikolaos	18 1/4	100	4.50	A-1
Bank of Limassol	4.50	30	4.50	A-1	Bank of Limassol	18 1/4	100	4.50	A-1
Bank of Nicosia	4.50	30	4.50	A-1	Bank of Nicosia	18 1/4	100	4.50	A-1
Bank of Famagusta	4.50	30	4.50	A-1	Bank of Famagusta	18 1/4	100	4.50	A-1
Bank of Kyrenia	4.50	30	4.50	A-1	Bank of Kyrenia	18 1/4	100	4.50	A-1
Bank of Larnaca	4.50	30	4.50	A-1	Bank of Larnaca	18 1/4	100	4.50	A-1
Bank of Paphos	4.50	30	4.50	A-1	Bank of Paphos	18 1/4	100	4.50	A-1
Bank of Limassol	4.50	30	4.50	A-1	Bank of Limassol	18 1/4	100	4.50	A-1
Bank of Nicosia	4.50	30	4.50	A-1	Bank of Nicosia	18 1/4	100	4.50	A-1
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Bank of Kyrenia	4.50	30	4.50	A-1	Bank of Kyrenia	18 1/4	100	4.50	A-1
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Bank of Kyrenia	4.50	30	4.50	A-1	Bank of Kyrenia	18 1/4	100	4.50	A-1
Bank of Larnaca	4.50	30	4.50	A-1	Bank of Larnaca	18 1/4	100	4.50	A-1
Bank of Paphos	4.50	30	4.50	A-1	Bank of Paphos	18 1/4	100	4.50	A-1
Bank of Limassol	4.50	30	4.50	A-1	Bank of Limassol	18 1/4	100	4.50	A-1
Bank of Nicosia	4.50	30	4.50	A-1	Bank of Nicosia	18 1/4	100	4.50	A-1
Bank of Famagusta	4.50	30	4.50	A-1	Bank of Famagusta	18 1/4	100	4.50	A-1
Bank of Kyrenia	4.50	30	4.50	A-1	Bank of Kyrenia	18 1/4	100	4.50	A-1
Bank of Larnaca	4.50	30	4.50	A-1	Bank of Larnaca	18 1/4	100	4.50	A-1
Bank of Paphos	4.50	30	4.50	A-1	Bank of Paphos	18 1/4	100	4.50	A-1
Bank of Limassol	4.50	30	4.50	A-1	Bank of Limassol	18 1/4	100	4.50	A-1
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Bank of Famagusta	4.50	30	4.50	A-1	Bank of Famagusta	18 1/4	100	4.50	A-1
Bank of Kyrenia	4.50	30	4.50	A-1	Bank of Kyrenia	18 1/4	100	4.50	A-1
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Bank of Limassol	4.50	30	4.50	A-1	Bank of Limassol	18 1/4	100	4.50	A-1
Bank of Nicosia	4.50	30	4.50	A-1	Bank of Nicosia	18 1/4	100	4.50	A-1
Bank of Famagusta	4.50	30	4.50	A-1	Bank of Famagusta	18 1/4	100	4.50	A-1
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Bank of Paphos	4.50	30	4.50	A-1	Bank of Paphos	18 1/4	100	4.50	A-1
Bank of Limassol	4.50	30	4.50	A-1	Bank of Limassol	18 1/4	100	4.50	A-1
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Bank of Famagusta	4.50	30	4.50	A-1	Bank of Famagusta	18 1/4	100	4.50	A-1
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Bank of Nicosia	4.50	30	4.50	A-1	Bank of Nicosia	18 1/4	100	4.50	A-1
Bank of Famagusta	4.50	30	4.50	A-1	Bank of Famagusta	18 1/4	100	4.50	A-1
Bank of Kyrenia	4.50	30	4.50	A-1	Bank of Kyrenia	18 1/4	100	4.50	A-1
Bank of Larnaca	4.50	30	4.50	A-1	Bank of Larnaca	18 1/4	100	4.50	A-1
Bank of Paphos	4.50	30	4.50	A-1	Bank of Paphos	18 1/4	100	4.50	A-1
Bank of Limassol	4.50	30	4.50	A-1	Bank of Limassol	18 1/4	100	4.50	A-1
Bank of Nicosia	4.50	30	4.50	A-1	Bank of Nicosia	18 1/4	100	4.50	A-1
Bank of Famagusta	4.50	30	4.50	A-1	Bank of Famagusta	18 1/4	100	4.50	A-1
Bank of Kyrenia	4.50	30	4.50	A-1	Bank of Kyrenia	18 1/4	100	4.50	A-1
Bank of Larnaca	4.50	30	4.50	A-1	Bank of Larnaca	18 1/4	100	4.50	A-1
Bank of Paphos	4.50	30	4.50	A-1	Bank of Paphos	18 1/4	100	4.50	A-1
Bank of Limassol	4.50	30	4.50	A-1	Bank of Limassol	18 1/4	100	4.50	A-1
Bank of Nicosia	4.50	30	4.50	A-1	Bank of Nicosia	18 1/4	100	4.50	A-1
Bank of Famagusta	4.50	30	4.50	A-1	Bank of Famagusta	18 1/4	100	4.50	A-1
Bank of Kyrenia	4.50	30	4.50	A-1	Bank of Kyrenia	18 1/4	100	4.50	A-1
Bank of Larnaca	4.50	30	4.50	A-1	Bank of Larnaca	18 1/4	100	4.50	A-1
Bank of Paphos	4.50	30	4.50	A-1	Bank of Paphos	18 1/4	100	4.50	A-1
Bank of Limassol									

ACROSS

1 Pachyderm driver
7 Strict precision
12 Flew the coop
18 Underworld entrance, to an Italian
19 Lincoln's co-speaker at Gettysburg
22 Luzon seaport
23 Flamboyant financier?
25 London's — Garden
26 Propelling device
27 Hebrides island
28 Postage for chain letters?
30 Primes for crimes
32 Most competent
33 Nest for Nesselrode
37 Black
38 Cheroots' kin
44 Creeps
45 Luau locale
47 Motorists' org.
48 — the finish
49 Cliff on Kauai

DOWN

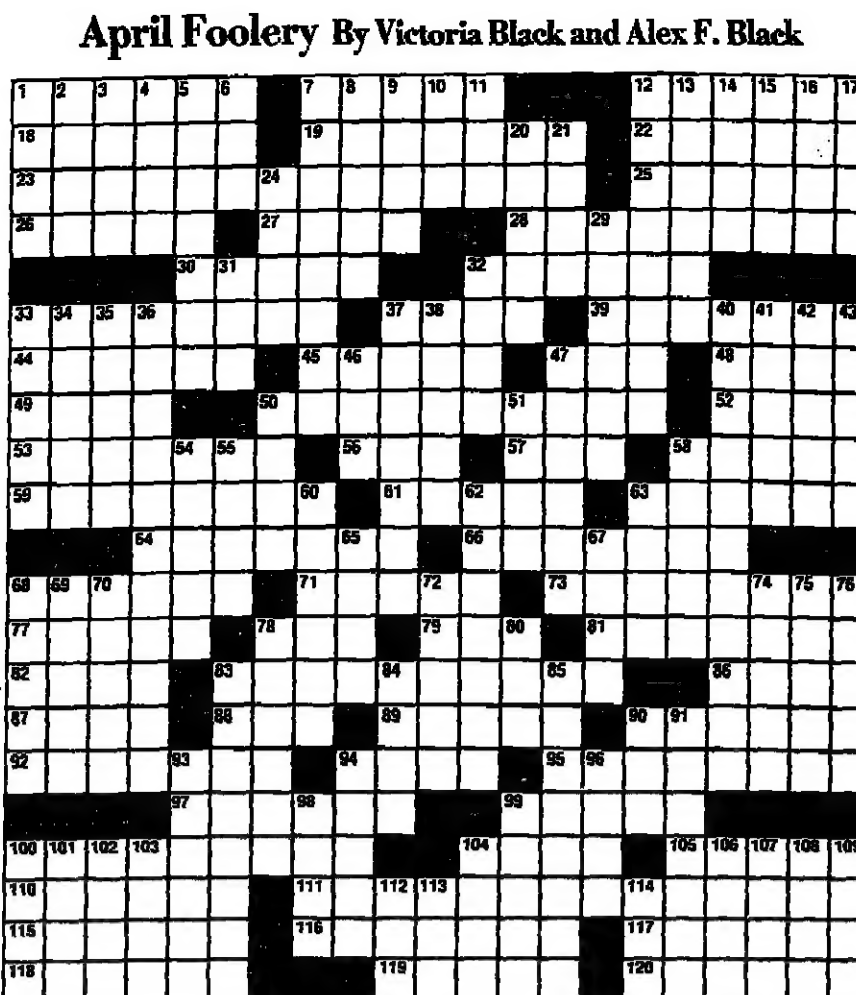
1 Fairy queen et al.
2 With, in Wassy
3 German gentleman
4 Neighbor of Calvados
5 In the dark
6 Peak
7 Decant
8 Lend and Pavlov
9 City south of Leipzig
10 Pizarro's pursuit
11 Off order
12 Part of a ship's rigging
13 City on the Douro
14 Stromboli flow
15 Allowance after tare

ACROSS

50 Jeanette's jumpy partner?
52 Recently deceased
53 Calm
56 Objective
57 Trouble
58 Title for R.C. archbishops
59 Underground art site in Spain
61 Disposed
62 Purify
64 Provincial ruler in Greece
66 Famed Spanish archbishop-scholar
68 Spa attraction
71 Lecture material
73 Aquatic plane
77 Cut short
78 Ventilate
79 Fold over
81 — Virginia Woolf
82 John or tasse preceptor
83 Imitation Stone?

ACROSS

86 "Massa's — cold, cold ground"
87 Loser to S. Grant
88 David's right-hand man
89 Mr. T's associates
90 Bitterness
92 Last course
94 Pompadour and Bovary
95 Citrus shelter
97 Turning points
99 Dutch genre painter
100 Eire symbols
104 Secular
105 Zones
110 Lift for the Montgolfiers
111 Masked master?
115 Confine
116 Summit site: 1943
117 Taker of SAT's
118 Merged resources
119 Melampus and Mopsus
120 Practices extortion



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DOWN

63 Middle or high follower
65 Stopper
67 Letter opener
68 Tramped a swamp
69 White poplar
70 Big bites for bookworms
72 Make happy
74 Edwards or Lombardi
75 Where Saul met a witch

DOWN

76 Suspicious
78 Of a trunk in a trunk
80 Org. playing the Dorel
83 Reflected
84 Some spreads
85 These might be mixed
90 Actress Charlotte
91 Poe's — "Lee"
93 To write, to Pierre

DOWN

94 Legalese for instrument
96 Receipt for René
98 Card game for three
99 Philippine island
100 Packet, e.g.
101 "Ecce —"
102 Air: Comb. form
103 Heavy hammer

DOWN

104 Orpheus's instrument
106 Multiflora
107 Boiardo's patron
108 Made a hole-in-one
109 — more to be pried...
112 Cries of surprise
113 Word in genealogy
114 Theologian's deg.

TWO LIVES AND A DREAM

By Marguerite Yourcenar. Translated by Walter Kaiser in collaboration with the author. 245 pages. \$16.95. Farrar, Straus & Giroux, 19 Union Square West, New York, N.Y. 10003.

By John Gross

THE Belgian-born author Marguerite Yourcenar has enjoyed a high reputation in the English-speaking world ever since her novel "Memoirs of Hadrian" was translated in 1954. She had begun writing long before that, however, and although two of the three stories in "Two Lives and a Dream" are essentially new, all three have a prehistory going back to the earliest stages of her career.

Both the longest, most notable story in the collection, "An Obscure Man," and its brief pendant, "A Lovely Morning," ultimately derive from the story of a young 17th-century Dutchman called Nathanael that she first sketched out when she was about 20 and published 11 or 12 years later, in 1935, as a novella entitled "After Rembrandt." She was dissat-

BOOKS

ified with the result — a "pallid novella," she calls it. But the figure of Nathanael came back to haunt her, and by 1979 she was ready to start reworking his story (and, in "A Lovely Morning," that of his son Lazarus) in a completely new form.

Nathanael is unquestionably "an obscure man," though perhaps no more obscure than most — for as the story reminds us, "it is without much ado that most people enter this world and without much ado that they leave it." The son of a Dutch carpenter who has come to England to work in the shipyards at Greenwich, he receives "the rudiments of a good education"; then, at the age of 15, afraid that he may have killed a drunk who was trying to molest him, he stows away on a ship bound for Jamaica.

After a series of adventures at sea, he marries a girl whose family lives in a remote island settlement somewhere off the coast of Canada or Maine. When she dies, he makes his way to Europe and gets a job in Amsterdam as a proofreader in his uncle's printing shop. The uncle cheats him out of a legacy; he is hired by another printer, falls ill from consumption,

and finds shelter in the household of a wealthy widower and former burgomaster, van Herzog.

Once he has recovered, he becomes van Herzog's valet. But then his illness flares up again, and he is packed off to a house his master owns in a lonely spot on one of the Frisian Islands. He coughs his last long afterward.

Yourcenar has a strongly pictorial imagination, and although it is just as well she abandoned the rather pretentious title "After Rembrandt," the influence of Dutch painting is plain to see in her descriptions. Not just Rembrandt, but the genre painters, with their tavern scenes and domestic interiors, and in the bleakly beautiful Frisian section, the landscape painters as well.

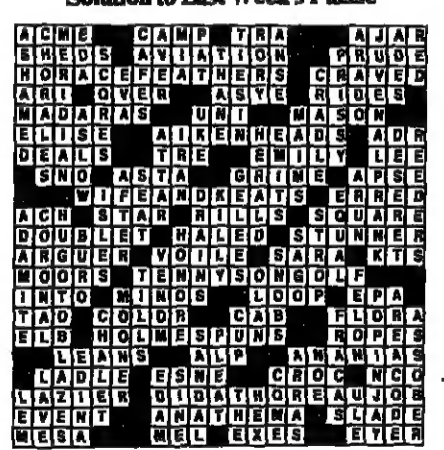
Nathanael leaves behind a young son, Lazarus (the boy's mother, a prostitute, has been eaten for a theft). In "A Lovely Morning" Lazarus persuades a party of English actors who are passing through Amsterdam to let him join them, and suddenly and exultantly foresees all the parts — mostly Shakespearean — that he is going to play in the course of his career. The passage is a tour de force.

The final story in the collection, "Anna, Soror . . ." was written when Yourcenar was only 21, and originally published in 1935; the changes she has made for the new edition are, she tells us, essentially minor ones. Set in southern Italy in the 16th century, it describes a fierce incestuous romance between a brother and sister, the children of the governor of the Spanish fortress in Naples. The young man escapes from the agonies of the affair by courting death, and finding it, in an expedition against pirates; his sister continues to nurse her passion through long years of religious withdrawal and a meaningless marriage.

The colors of "Anna, Soror . . ." are at once richer and more severe than those of the preceding stories, the passions crueler and more intense. In her "postface" Yourcenar tells us that it was with this story that she "lasted for the first time the ultimate privilege of the novelist, that of losing himself completely in his characters." Reading it more than 60 years later — in an excellent translation, by the way — you can readily see why.

John Gross is on the staff of The New York Times.

Solution to Last Week's Puzzle



DENNIS THE MENACE



WEATHER

EUROPE		HIGH	LOW	ASIA		HIGH	LOW
Algeria	10	16	10	Bangkok	27	23	21
Amsterdam	10	16	10	Beijing	17	13	9
Athens	17	23	16	Bombay	24	20	16
Berlin	15	21	14	Buenos Aires	24	20	16
Bombay	24	20	16	Calcutta	24	20	16
Buenos Aires	24	20	16	Chongqing	18	14	10
Calcutta	24	20	16	Colon	24	20	16
Chongqing	18	14	10	Hankow	24	20	16
Colon	24	20	16	Harbin	18	14	10
Hankow	24	20	16	Hong Kong	24	20	16
Harbin	18	14	10	Kobe	24	20	16
Hong Kong	24	20	16	Manila	24	20	16
Kobe	24	20	16	Medan	24	20	16
Manila	24	20	16	Shanghai	24	20	16
Medan	24	20	16	Singapore	24	20	16
Shanghai	24	20	16	Taipei	24	20	16
Singapore	24	20	16	Tokyo	24	20	16
Taipei	24	20	16				
Tokyo	24	20	16				

World Stock Markets

Via Agence France Presse. Closing prices in local currencies, April 24.

Amsterdam		Prev.	Change	London		Prev.	Change
ABN	511	512.50	1.50	AA Corp	24 1/2	24 1/2	0
Alcoa	100	100.00	0.00	Anglo-Am	10 1/2	10 1/2	0
Amgen	100	100.00	0.00	Anglo-Am	10 1/2	10 1/2	0
Amgen	100	100.00	0.00	Anglo-Am	10 1/2	10 1/2	0
Amgen	100	100.00	0.00	Anglo-Am	10 1/2	10 1/2	0
Amgen	100	100.00	0.00	Anglo-Am	10 1/2	10 1/2	0
Amgen	100	100.00	0.00	Anglo-Am	10 1/2	10 1/2	0
Amgen	100	100.00	0.00	Anglo-Am	10 1/2	10 1/2	0
Amgen	100	100.00	0.00	Anglo-Am	10 1/2	10 1/2	0
Amgen	100	100.00	0.00	Anglo-Am	10 1/2	10 1/2	0

See Page 14

London		Prev.	Change	Paris		Prev.	Change
AA Corp	24 1/2	24 1/2	0	AA Corp	24 1/2	24 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0

See Page 14

London		Prev.	Change	Paris		Prev.	Change
AA Corp	24 1/2	24 1/2	0	AA Corp	24 1/2	24 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0

See Page 14

London		Prev.	Change	Paris		Prev.	Change
AA Corp	24 1/2	24 1/2	0	AA Corp	24 1/2	24 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0
Anglo-Am	10 1/2	10 1/2	0	Anglo-Am	10 1/2	10 1/2	0

PEANUTS



BLONDIE



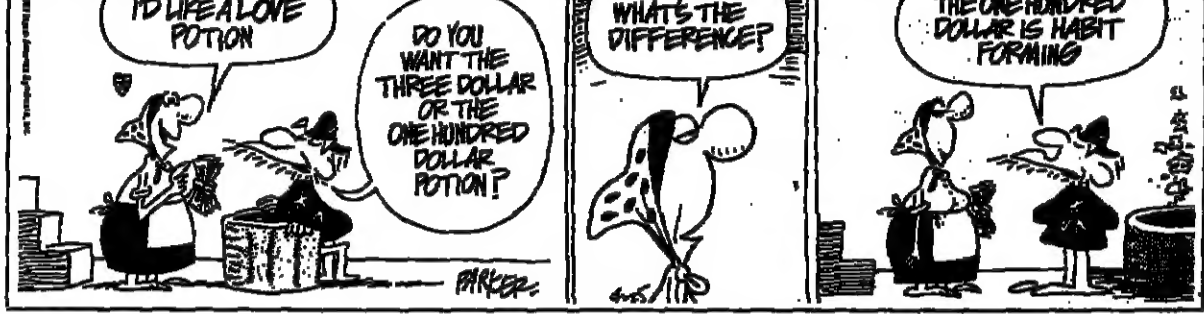
BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



دكان المرحل

SPORTS

Yankees Power to 10th Consecutive Victory

CLEVELAND — The New York Yankees have already forgotten about the Milwaukee Brewers' great start this season.

"We're not watching Milwaukee. We just want to keep winning, and

BASEBALL ROUNDUP

everybody's contributing," said New York's Dave Winfield after he hit two home runs Thursday night — including a three-run shot with two out in the ninth inning — to give the Yankees a 5-4 triumph over the Cleveland Indians.

The victory extended the Yankees' winning streak to 10 games

and left them just one game behind the Brewers.

New York is 13-3, matching its best start since 1949; Milwaukee is 13-1.

"We're quite a few games over .500, we're starting to build a cushion," Winfield said. "We've won so many, and won some games late, that we expect to score and win."

Rickey Henderson hit the first pitch from Greg Swindell into the left field stands for his third home run of the year and his second leading off a game (he set an American League record with nine leadoff homers a year ago). Winfield followed two outs later with his second home run of 1987; the first had

also come off Swindell, in New York's home opener.

Home runs by Tony Bernazard and Julio Franco made it a 2-2 game, and starters Swindell and Dennis Rasmussen worked into the ninth. Swindell, who had retired 21 of 23 batters, walked Henderson with one out; after Willie Randolph flied out, Henderson stole second and Don Mattingly walked. Winfield followed by slugging a 1-0 delivery into the left-field stands.

Hammed by curveballs, Winfield had hit into two double plays since the first inning. Swindell stayed with the tactic one pitch too long. "It was one of the best curveballs I've thrown," he said. "He just stayed back on it, and I knew it was gone. It's tough to go 8 1/2 innings and give it up then."

In the bottom of the ninth, Rasmussen gave up bases-empty home runs to Brock Jacoby and Carmen Castillo before Dave Righetti came on to get the last out for his sixth save of the year.

New York's previous nine victories in the streak had all come at home. "It was a big way to start a 12-game road trip," said Manager Lou Piniella.

Rangers 9, Orioles 4: In Arlington, Texas, Ruben Sierra's two-run double keyed a seven-run fourth that powered Texas over Baltimore. The big inning, which wiped out a 4-1 lead, the Rangers had six hits (two by Pete Incaviglia) and were helped by three Orioles errors.

Angels 7, Twins 3: In Minneapolis, Wally Joyner homered in his third straight game, and Devon White and Brian Downing contributed home runs as California moved into a first-place tie with

Minnesota in the Western Division. Winner John Candelaria has not lost since Aug. 20. Reliever Donnie Moore earned his third save of the year by pitching out of a no-out, bases-loaded jam in the ninth.

Cardinals 5, Cubs 2: In the National League, in St. Louis, Jim Lindeman and Jack Clark each drove in two runs with two-out hits and Danny Cox became the first Cardinal pitcher to turn in a complete game this season. The winners' Tom Herr, who had driven in 15 runs in 14 games, pulled a groin muscle and is expected to be out for at least two weeks. St. Louis has already lost catcher Tony Pena (broken hand) and pitcher John Tudor (broken bone in knee).

Astros 5, Braves 3: In Houston, the Astros stayed unbeaten (9-0) at home as Kevin Bass drove in three runs to help down Atlanta. Outfielder Billy Hatcher, who went 1-for-3, has hit safely in every game this season.

Reds 3, Padres 2: In San Diego, Dave Parker, struck out by Andy Hawkins in his three previous at-bats, hit his fifth home run of the season in the eighth to give Cincinnati a split of the four-game series. Said Parker of the turnabout in his fortunes against Hawkins: "I was setting him up." Padre pitchers have given up 29 homers this year.

Expos 6, Phillies 5: In Montreal, Dave Eagle drove the tying run in the seventh and Andre Galaraga scored the eventual game-winner on an error. Mitch Webster was hit by a pitch to lead off the ninth, and went to third on Galaraga's double. Eagle then lined a single that center fielder Thompson mis-handled, allowing both runners to score.

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Danny Ainge lost control of the ball while driving to the hoop on this play, but he had 20 points to help Boston beat Chicago.

Lakers and Mavericks Win Blowout Openers

NEW YORK — It didn't take long to prove to the Denver Nuggets and Seattle SuperSonics that they didn't belong on the same court with the Los Angeles Lakers and Dallas Mavericks.

"We wouldn't even show up for the next game if the league would

let us," Doug Moe, Denver's coach, said with a resigned laugh after the Lakers matched a National Basketball Association record with 82 points in the first half en route to a 128-95 victory in a first-round playoff opener Thursday night.

"It was over in the first quarter," said Seattle Coach Bernie Bickerstaff after a 151-129 loss in which the Mavericks set a team scoring record. "We've got to be realistic. Dallas is a better team than we are."

Dallas scored 149 points twice in 1985 for its previous game-high total. Reserve guard Dennis Nunn hit the 151st point with 10 seconds remaining. Nine of 11 Mavericks scored in double figures.

An 80-foot (24.3-meter) basket by Earvin Johnson at the buzzer gave Los Angeles an 82-53 halftime lead, equalling the record set by San Antonio, also against Denver, in 1983.

James Worthy scored 21 of his 28 points in the first half for the Lakers, who beat the Nuggets five consecutive times in the regular season by an average of 22 points.

Celtics 108, Bulls 104: In Boston, the Celtics led by as many as 21 points in the first half, but needed a 12-foot jumper with 37 seconds left to win its 30th straight home game.

A 19-5 spurt tied the game at 100 after the Bulls trailed by 95-81 with 7:37 left. An exchange of points tied the score at 104 in the final minute, but Robert Parish's shot from the lane put Boston ahead for good.

Michael Jordan, who scored 35 points, was triple-teamed on Chicago's next possession, and he was forced to pass to Brad Sellers, who was standing out of bounds. The turnover with 19 seconds left forced the Bulls to foul Dennis Johnson, and his two free throws 10 seconds later tied the game.

Jazz 99, Warriors 85: In Salt Lake City, Utah spoiled Golden State's first playoff appearance in 10 years as Karl Malone and Thurl Bailey scored 20 points each and Mark Eaton had 15 rebounds. The winners had a 56-46 advantage off the boards.

The Jazz led by 89-72 by 6:03 left in the game before the Warriors went on an 11-0 spurt. But Utah then got two free throws from Bobby Hansen and three straight baskets from Ricky Green.

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"We take over-under bets on pro football, but only for \$1,000," D'Amico says. "If somebody tried to bet \$100,000 in Phoenix, a bookmaker there couldn't lay off that much money in Nevada without some people knowing about it. And if somebody tried to bet it in \$1,000 chunks at Gene Maday's place here, after two or three bets Gene would wonder what was going on."

Maday, the owner of Little Caesar's sports book (no relation to Caesar's Palace), is reputed to take the biggest sports bets in Las Vegas. Maybe that \$100,000 bet was exaggerated.

Maybe it was just talk in a bar. But it's the essence of why the NBA is wary about a cocaine-induced point-fixing scandal.

Two years ago, the Tulane college basketball scandal involved students supplying cocaine in return for cooperation in point-fixing. As serious as it was, the Tulane scandal didn't create the national impact that a similar scandal in pro sports would. Although baseball, pro football and pro basketball have yet to be implicated in such a scheme, it seems to be only a matter of time. The plot is obvious.

One day a player with a cocaine habit doesn't have any cash. "That's all right," his drug dealer says. "I know you get paid next week."

The dealer lets the player do two or three times. But sooner or later the dealer has another solution. "Your next game," he says. "You're playing that one for us."

The player agrees. Now he's hooked not only on cocaine but on cooperating with a gambling fix. Even, he's at a point of no return. Some players on cocaine have come forward to enter a drug rehab center, partly because their problem creates a certain amount of sympathy. But a player involved in a gambling fix seldom surrenders. Invariably, he has to be caught. He knows nobody sympathizes with a fixer.

By itself, cocaine surely has detracted from the public's confidence in sports, as the Pittsburgh baseball drug trial showed. But a gambling scandal influenced by cocaine would shatter public confidence in that sport.

Of the major sports, the National Football League seems the most vigilant about gambling. Like baseball and pro basketball, NFL security and drug-enforcement people address the players of each team during training camp.

But six NFL teams — Cleveland, Dallas, Green Bay, Houston, Miami and the Los Angeles Raiders — have a "security" or "counseling services" director on their front-office staffs. In addition to a security representative in each franchise city, the league has three roving regional security representatives who report to the security directors in the NFL office.

Baseball has what Rich Levin of the commissioner's office calls a "network of security people" who report to its security director. So does pro basketball. But none of the baseball and NBA teams has its own security director. It's what they did.

Meanwhile, drug tests on the three indicted Suns — James Edwards, Jay Humphries and Glenn Gendronick — have been announced as being negative. But each player is subject to three random tests in the next six weeks. If any test proves to be positive, that player will be banished from the NBA immediately. He also will be banished if he is convicted or pleads guilty to any of the drug charges.

The NBA has had only one gambling scandal. In the 1953-54 season Jack Molinas of the Fort Wayne Pistons was banned for having bet on games. He later was convicted as a master fixer in the 1961 college point-shaving scandal. Sooner or later, the next master fixer will be cocaine.

NBA and Cocaine: A Snowballing Scenario

By Dave Anderson

New York Times Service

NEW YORK — Quietly, the National Basketball Association is holding its breath that the Phoenix Suns cocaine scandal doesn't evolve into point-fixing.

Sergeant Brad Thiss, a Phoenix police spokesman, has said that "no evidence that we are aware of" links any professional athlete in Phoenix to any type of illegal gambling. But when asked if the current investigation was connected either to legalized gambling or to former players supplying information to gamblers, Thiss said: "I can't comment."

Whatever develops, the whispers in Phoenix are that one of the three current Suns indicted last week on drug charges told a known gambler in Phoenix that the point total for the Feb. 21 game between the Suns and the Milwaukee Bucks would not exceed 226 — the number that, for betting purposes, the two teams would go over or stay under.

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